



**COMMUNITY DEVELOPMENT COMMISSION  
of the County of Los Angeles**

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*Commissioners*

**Carlos Jackson**  
*Executive Director*

June 17, 2008

Honorable Board of Commissioners  
Community Development Commission  
of the County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, California 90012

Dear Commissioners:

**APPROVAL OF ALLOCATION OF CITY OF INDUSTRY REDEVELOPMENT  
HOUSING SET-ASIDE FUNDS AND HOME INVESTMENT PARTNERSHIPS  
FUNDS FOR THE DEVELOPMENT OF 60 UNITS OF AFFORDABLE HOUSING IN  
UNINCORPORATED EAST LOS ANGELES AND APPROVAL OF  
ENVIRONMENTAL DOCUMENTATION (1) (3 Vote)**

**SUBJECT:**

This letter requests that your Board approve the allocation of HOME Investment Partnership funds and City of Industry Funds to finance the site acquisition and construction of 3rd & Woods Family Housing, a multifamily rental housing development to be located in unincorporated East Los Angeles.

**IT IS RECOMMENDED THAT YOUR BOARD:**

1. Consider the attached Environmental Assessment/Mitigated Negative Declaration prepared pursuant to the requirements of the California Environmental Quality Act (CEQA), together with any comments received during the public review process, for the development of 3rd & Woods Family Housing (Project), an affordable multifamily rental housing development of up to 60 units, located at 5051 E. 3<sup>rd</sup> Street in the unincorporated community of East Los Angeles.
2. Find that with the incorporation of the mitigation measures identified in the Mitigation and Monitoring Plan, required as a condition of approval for the Project, the proposed building construction and associated property improvements will not have a significant effect on the environment; approve the Environmental Assessment/Mitigated Negative Declaration; find that the Project will have no adverse effect

on wildlife resources; and authorize the Executive Director of the Community Development Commission (Commission) to complete and file with the County Clerk a Certificate of Exemption for the Project.

3. Find that the Environmental Assessment/Mitigated Negative Declaration (EA/MND) for the Project reflects the independent judgment of the Commission, instruct the Executive Director to file with the County Clerk a Notice of Determination, as required by CEQA; and instruct the Executive Director to take any and all actions necessary to complete the implementation of this environmental review action for the Project.
4. Approve a loan to Woods Family Housing Partners, L.P. (Developer) using a total amount of up to \$2,037,000 in City of Industry Redevelopment Housing Set-Aside Funds (Industry Funds) and \$2,157,125 in HOME Investment Partnerships funds (HOME funds) for the development of the Project, which has been selected through a Notice Of Funding Availability (NOFA) jointly issued by the Housing Authority and the Commission on January 2, 2007, which loan will be administered by the Commission.
5. Authorize the Executive Director to use up to \$3,347,875 in HOME funds to acquire the Project site, located at 5051 E. 3<sup>rd</sup> Street (Property), from National Community Renaissance of California (CORE).
6. Authorize the Executive Director to use up to \$200,500 in HOME funds, as needed, for unforeseen Project costs related to the acquisition, construction and permanent financing of the Project.
7. Authorize the Executive Director to incorporate, as needed, a total of \$5,705,500 in HOME funds and \$2,037,000 in Industry Funds into the Commission's Fiscal Year 2007-2008 approved budget, for the purposes described above.
8. Authorize the Executive Director to negotiate a Loan Agreement with the Developer for the purposes described above, and authorize the Executive Director to execute the Loan Agreement and all related documents following approval as to form by County Counsel.
9. Authorize the Executive Director to negotiate Site Acquisition and Ground Lease Agreements with the Developer for the Project, for the purposes described above, and authorize the Executive Director to execute the Site Acquisition and Ground Lease Agreements and all related documents following approval as to form by County Counsel.
10. Authorize the Executive Director to execute documents to subordinate the loan and Ground Lease to permitted construction and permanent financing, to execute any necessary intergovernmental, interagency, or

inter-creditor agreements, and to execute and modify all related documents as necessary for the implementation of the Project.

**PURPOSE /JUSTIFICATION OF RECOMMENDED ACTION:**

The purpose of the recommended actions is to approve environmental documentation, site acquisition and the allocation of Industry Funds and HOME funds for 3rd & Woods Family Housing, an affordable multifamily rental housing development located at 5051 E. 3<sup>rd</sup> Street in unincorporated East Los Angeles. Funding approval will increase the ability of the Developer to leverage other non-County funding sources.

**FISCAL IMPACT/FINANCING:**

There is no impact on the County general fund.

The Commission is recommending loaning funds to the Developer in a total amount of up to \$2,157,125 in HOME funds and \$2,037,000 in Industry Funds to construct the Project. Further, up to \$3,347,875 of HOME funds will be used to fund the Commission's acquisition of the Property from CORE.

A contingency of up to \$200,500 in HOME funds is being set aside for unforeseen costs related to acquisition, construction and permanent financing costs of the Project.

Final loan amounts will be determined following completion of negotiations with the Developer and arrangements with other involved lenders. Each loan will be evidenced by a promissory note and secured by a deed of trust, with the term of affordability enforced by a recorded Covenants, Conditions and Restrictions document.

A Financial Analysis is provided as Attachment A.

**FACTS AND PROVISIONS/LEGAL REQUIREMENTS:**

On December 20, 2005, your Board authorized the Commission to administer Industry Funds on behalf of the Housing Authority for development of affordable housing projects when such projects are also funded with a majority of HOME funds.

The current funding recommendations will provide HOME funds and Industry Funds to the Developer through a Loan Agreement with the Commission, to be executed by the Executive Director following completion of financial arrangements and approval as to form by County Counsel. The Loan Agreement will incorporate affordability restrictions and provisions requiring the Developer to comply with all applicable federal, state, and local laws.

The Developer, a limited partnership will be the legal recipient of HOME funds and Industry Funds and will also be named as Tenant or Lessee in the Ground Lease

Agreement for the Property. The Southern California Housing Development Corporation of Los Angeles (SCHDC-LA) will be the managing general partner for the Developer. SCHDC-LA is a 501(c)(3) non-profit Community Housing Development Organization.

The Project was selected for funding through the Commission's HOME and Industry Notice of Funding Availability (NOFA) process in 2007. The HOME loan (in the anticipated net amount of \$2,157,125 after Property acquisition funding) and the Industry loan will be subordinated to the construction and permanent financing provided by private financial institutions and other public sources.

The Commission intends to purchase the Property from CORE, the parent company of SCHDC-LA, for a total amount not to exceed \$3,347,875. Following acquisition, the Commission will lease the Property to the Developer for a period of 99 years. The Developer may acquire additional land contiguous to the Property. If additional land is acquired, it will be conveyed to the Commission and the Loan Agreement and the Ground Lease Agreement will be amended to reflect the additions.

The Project will consist of up to 60 units. Fifty-nine units will be set-aside for low-income families with incomes at or below 50% of the area median income (AMI), as defined by the U.S. Department of Housing and Urban Development (HUD) for the Los Angeles-Long Beach Metropolitan Statistical Area, adjusted for household size. The remaining unit will be set aside for the manager and will have no income restrictions. It is anticipated that six of the 59 affordable units will be reserved for families with incomes at or below 30% of AMI. The Project will also include up to 3,000 square feet of commercial space, the use of which will be determined at a later date, subject to approval by the Commission.

The Commission plans to acquire the Property and Ground Lease it to the Developer. This will permit the Commission to retain long term site ownership of unincorporated County land. The Ground Lease will be executed concurrently with the acquisition of the Property, enabling the Developer to maintain and evidence uninterrupted site control.

The Project is federally funded and not subject to the requirements of the Greater Avenues for Independence (GAIN) Program or the General Relief Opportunity for Work (GROW) Program, implemented by the County of Los Angeles. Instead, the Developer will comply with Section 3 of the Housing and Community Development Act of 1968, as amended, which requires that employment and other economic opportunities generated by certain HUD assistance be directed to low- and very low-income persons, particularly to persons who are recipients of HUD housing assistance.

#### **ENVIRONMENTAL DOCUMENTATION:**

An Environmental Assessment was prepared for the project pursuant to the requirements of the National Environmental Policy Act of 1969 (NEPA). This document describes the proposed project, evaluates the potential environmental effects, and describes the mitigation measures necessary to avoid potentially



significant environmental effects from the project. Based on the conclusions and findings of the Environmental Assessment, a Finding of No Significant Impact was approved by the Certifying Official of the Community Development Commission on September 20, 2007. Following the required public and agency comment period, HUD issued a Release of Funds for the Project on October 5, 2007.

Consistent with the provisions of the CEQA Guidelines, Article 14, Section 15221, notice was provided to the public that the Environmental Assessment would be used in place of an Initial Study to satisfy CEQA requirements. The EA/MND was circulated for public review as required by state and local law, and the EA/MND, in conjunction with the Mitigation and Monitoring Plan, meets the requirements of CEQA.

Approval of the EA/MND, including the Mitigation and Monitoring Plan, and filing of a Notice of Determination with the County Clerk will satisfy CEQA requirements. A fee must be paid to the State Department of Fish and Game when certain notices required by CEQA are filed with the County Clerk. The Commission is exempt from paying this fee when your Board finds that the Project will have no significant impact on wildlife resources. The Project is located in an urban setting, and the EA/MND concludes that there will be no adverse effect on wildlife resources.

The environmental review record for this Project is available for public viewing during regular business hours at the Commission's main office located at 2 Coral Circle in Monterey Park.

**IMPACT ON CURRENT PROGRAM:**

The requested actions will increase the supply of affordable housing for low-income families in the County.

Respectfully submitted,

  
for CARLOS JACKSON  
Executive Director

Attachments: 3

# ATTACHMENT A

## HOUSING FINANCIAL ANALYSIS

### 3rd and Woods Family Housing

The Project will be located on the northwest corner of East Third Street and South Woods Avenue in unincorporated East Los Angeles. The Project will consist of up to 60 two- and three-bedroom units to serve low-income families.

The following is a financial analysis of the Project:

	TOTAL	PER UNIT
<b>USES</b>		
<b>Total Development Cost</b>	<b>\$27,426,224</b>	
<i>Less: Commercial Space Costs</i>	<i>\$ (458,469)</i>	
<b>Residential Development Costs</b>	<b>\$26,967,755</b>	<b>\$ 449,463</b>
<b>SOURCES</b>		
<b><u>Construction Phase</u></b>		
Construction Loan (private)	\$ 9,358,660	
LIHTC Equity - 9%	\$ 6,587,500	
HOME	\$ 5,505,000	
Industry	\$ 2,037,000	
State HCD TOD*	\$ 1,546,755	
State HCD In-Fill Infrastructure*	\$ 895,000	
Developer Equity*	\$ 105,000	
Deferred Costs	\$ 932,840	
<b>Total Residential Construction Sources</b>	<b>\$26,967,755</b>	<b>\$ 449,463</b>
 <u>Commercial Sources</u>		
<i>plus: Loan / Developer's Equity*</i>	\$ 25,224	
<i>plus: LIHTC Equity</i>	\$ 180,000	
<i>plus: State TOD*</i>	\$ 253,245	
<b>Total Construction Sources</b>	<b>\$27,426,224</b>	<b>\$ 457,104</b>
 <b><u>Permanent Phase</u></b>		
Permanent 1st Loan (private)	\$ 3,114,000	
LIHTC Equity - 9%	\$13,355,000	
HOME	\$ 5,505,000	
Industry	\$ 2,037,000	
State HCD TOD*	\$ 1,546,755	
State HCD In-Fill Infrastructure*	\$ 895,000	
Developer Equity*		
Deferred Developer Fee	\$ 515,000	
<b>Total Residential Permanent Sources</b>	<b>\$26,967,755</b>	<b>\$ 449,463</b>
 <u>Commercial Sources</u>		
<i>plus: Loan / Developer's Equity*</i>	\$ 25,224	
<i>plus: LIHTC Equity</i>	\$ 180,000	
<i>plus: State TOD*</i>	\$ 253,245	
<b>Total Permanent Sources</b>	<b>\$27,426,224</b>	<b>\$ 457,104</b>

\*Proposed funding sources not currently committed.

**ATTACHMENT B**

**ENVIRONMENTAL ASSESSMENT  
MITIGATED NEGATIVE DECLARATION**

**County of Los Angeles  
Community Development Commission**

**DRAFT MITIGATED NEGATIVE DECLARATION  
CALIFORNIA ENVIRONMENTAL QUALITY ACT**

**PROJECT TITLE:** 3rd and Woods Mixed Use Construction Project

**PROJECT DESCRIPTION:** The proposed project involves the demolition of an existing 2-story commercial building and construction of affordable housing and retail space. The new 4-story building would provide 60 units of affordable housing with surface and underground parking. The ground floor of the development would include approximately 9,000 square feet of commercial space and 2,100 square feet of recreational space. The project would cover approximately 60,000 square feet.

The site is zoned LCC3 (Commercial Office). A zone change would be necessary.

**PROJECT LOCATION:** The project site is located at 5051 E. 3rd Street, in unincorporated Los Angeles County, California.

**MITIGATION MEASURES INCLUDED IN THE PROJECT TO AVOID POTENTIALLY SIGNIFICANT IMPACTS:**

The following mitigation measures are required:

- 1. Archaeological Resources.** In the event that archaeological resources are unearthed during project construction, all earth disturbing work within the APE must be temporarily suspended until an archaeologist has evaluated the nature and significance of the find. After the find has been appropriately mitigated, work in the area may resume. A Gabrielino representative should monitor any archaeological field work associated with Native American materials. If human remains are unearthed, State Health and Safety Code Section 7050.5 requires that no further disturbance shall occur until the Los Angeles County Coroner has made the necessary findings as to origin and disposition pursuant to Public Resources Code Section 5097.98. If the remains are determined to be of Native American descent, the coroner has 24 hours to notify the Native American Heritage Commission.
- 2. Hazardous Materials.** In accordance with the Phase II Environmental Assessment for the project site, conducted by Converse Consultants, the following mitigation measures shall be implemented prior to project development:
  - Concentrations of TPH-G in samples from three borings (GP-4, GP-5 and GP-10) at a depth of 5 feet below ground surface (bgs) were reported in excess of the (Maximum Soil Screening Level) MSSSL. These samples, as well as the 5-foot sample from GP-11 and the 10-foot sample from GP-4, were reported to contain various VOCs at concentrations exceeding the respective PRG-r values. As a result, soil within the vicinity of these boring shall be removed to a depth of 10 bgs.

- The concentration of benzene in the soil sample from boring GP-1 at a depth of 15 feet bgs exceeded the PRG-r. Therefore, the soil within a 10-foot by 10-foot area in the vicinity of boring GP-1 to a depth of 20 feet bgs shall be removed and disposed.
  - All remedial activities shall be overseen by the Los Angeles County Fire Department's (LACFD) Site Mitigation Unit in order to obtain a "closure" or "no further action" letter with regards to contaminants identified in the onsite soil.
3. **Noise.** In order to ensure an acceptable interior noise environment at the proposed apartment complex (45 dBA or less), the following shall be included in project design:
- Air conditioning or a mechanical ventilation system shall be provided so that windows and doors may remain closed.
  - Windows and sliding glass doors facing 3<sup>rd</sup> Street and Woods Avenue shall have a Sound Transmission Class (STC) rating of at least 33, per ANSI specifications.
  - Exterior doors facing 3<sup>rd</sup> Street and Woods Avenue shall be solid-core with perimeter weather stripping and threshold seals.
4. **Solid Waste Recycling.** Because of ongoing concerns about available landfill capacity, project design shall incorporate space for separate bins for waste and recyclable materials.
5. **Water Supply.** Because of ongoing concerns about regional water supplies, the following shall be incorporated into project design:
- To the degree feasible, landscaped areas shall be designed with drought-tolerant species. Irrigation shall be accomplished with drip systems. Planting beds shall be heavily mulched in accordance with water-conserving landscape design practice.
  - All new structures shall be fitted with water conserving fixtures, including, but not limited to, low flow faucets and toilets.
6. **Additional Modifications.** Minor changes to the mitigation measures required as a condition of funding approval are permitted, but can only be made with the approval of the Executive Director of the Community Development Commission (CDC) of Los Angeles County.

## ***HUD – NEPA - Environmental Assessment***

Project Name and Identification Number: Red Cross Mixed Use Construction Project /HMD001

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### ***HUD – NEPA- ENVIRONMENTAL ASSESSMENT***

- Project Name:** 3rd and Woods Mixed Use Construction Project
- Project Location:** The project site is located at 5051 E. 3<sup>rd</sup> Street, in unincorporated Los Angeles County, California. Figure 1 shows the regional location of the project, and Figure 2 shows the location of the project site within Los Angeles County.
- Assessor's Parcel Number(s):** 5250-003-901, 902 & 903
- Statement of Need:** The project is consistent with the guidelines of the CDBG program. The proposed project provides for the development of affordable housing.
- Project Description:** The proposed project involves the demolition of an existing 2-story commercial building and construction of affordable housing and retail space. The new 4-story building would provide 60 units of affordable housing with surface and underground parking. The ground floor of the development would include approximately 9,000 square feet of commercial space and 2,100 square feet of recreational space. The project would cover approximately 60,000 square feet.
- The site is zoned LCC3 (Commercial Office). A zone change would be necessary.

## HUD – NEPA - Environmental Assessment

Project Name and Identification Number: 3rd and Woods Mixed Use Construction Project /HMD001

Impact Categories	No Impact Anticipated	Potentially Beneficial	Potentially Adverse Requires Documentation Only	Potentially Adverse Requires More Study	Needs Mitigation	Requires Project Modification	Source or Documentation (See Attached References)
<b>Land Development</b>							
Conformance With Comprehensive Plans and Zoning	X						The site is zoned LCC3 (Commercial Office). A zone change would be necessary (a).
Compatibility and Urban Impact	X						The project site is bound by single family residences to the north, 3 <sup>rd</sup> Street and commercial buildings to the south, Woods Street and a Kaiser Permanente building to the east and the East Los Angeles Sheriff's Station to the west (b). The proposed project would be compatible with the scale and type of surrounding development.
Slope	X						The project site is generally flat (b). The proposed development would not involve major topographic modifications or create any significant erosion or sedimentation problems.
Erosion	X						There is no evidence of any substantial erosion problems onsite (b). The project would not involve any ground disturbance as it involves the development of housing on top of a parking structure.
Soil Suitability	X						There is no evidence of soil suitability problems on the project site (b). Routine soil tests would need to be conducted to determine foundation design parameters for new structures.
Hazards and Nuisances, Including Site Safety					X		A Phase I Environmental Site Assessment was conducted on the project site by DCI Environmental Services in September of 2006 (c). As a result of the former gas station located adjacent to the east of the project site, DCI Environmental Services determined that soil sampling shall be performed prior to site development (c). Pursuant to the determination made by DCI Environmental Services, a Limited Phase II Environmental Site Assessment was conducted on the project site by Converse Consultants in June of 2007 (l). Based on the sampling and analyses of onsite soils, Converse Consultants concluded that in specified locations soil shall be removed and disposed prior to site development.
Energy Consumption	X						Project operation would incrementally increase the consumption of electricity and natural gas. However, because these resources are available both locally and regionally, no significant impact to the availability of energy resources is expected over the long-term. The project would comply with state energy conservation requirements.
<b>Noise</b>							
Effects of Ambient Noise on Project and Contribution to Community Noise Levels					X		Project construction would generate temporary noise level increases. Local noise ordinances would apply.

## HUD – NEPA – Environmental Assessment

Project Name and Identification Number: 3rd and Woods Mixed Use Construction Project /HMD001

Impact Categories	No Impact Anticipated	Potentially Beneficial	Potentially Adverse Requires Documentation Only	Potentially Adverse Requires More Study	Needs Mitigation	Requires Project Modification	Source or Documentation (See Attached References)
							The proposed project involves the development of affordable housing and is not expected to generate substantial noise. The project is itself a noise sensitive use. A noise measurement was taken at the project site on March 12, 2007. The noise measurement indicated a noise level of 68.0 dBA Leq. Thus, noise levels onsite may exceed HUD's 65 decibel Ldn exterior standard for residences.
<b>Air Quality</b>							
Effects of Ambient Air Quality on Project and Contribution to Community Air Pollutant Levels	X						<p>The project site is located in the South Coast Air Basin, which is a nonattainment area for ozone, carbon monoxide, and fine particulate matter (PM<sub>10</sub>). Project residents would be exposed to potentially unhealthy ambient air because this regional condition cannot be feasibly mitigated. Traffic associated with the project would incrementally increase air pollutant emissions, but such emissions would not exceed locally adopted significance thresholds or hinder attainment of state or federal air quality standards (d).</p> <p>Existing South Coast Air Quality Management District (SCAQMD) regulations restrict the emissions of dust and fumes during construction and the project would be required to conform to these requirements.</p>
<b>Environmental Design and Historic Values</b>							
Visual Quality - Coherence, Diversity, Compatible Use, and Scale	X						The proposed project would involve the development of 60 units of affordable housing, retail space, and subsurface parking. The surrounding land uses consist of residential, commercial, and office development (b). The project would be compatible with the visual context of the existing neighborhood.
Historic, Cultural, and Archaeological Resources					X		Historic and archaeological evaluations were conducted for the project site (see attached reports prepared by San Buenaventura Research Associates [e] and Conejo Archaeological Consultants [f]). Based on the historic resources evaluation, the project site is not eligible for listing on the National Register of Historic Places. Conejo Archaeological Consultants determined that no known archaeological resources would be adversely affected by project implementation. However, during grading, or any other earth moving events, discovery of any archaeological finds would require immediate cessation of activities and review by a qualified professional of the find for recommendations.
<b>Socioeconomic Conditions</b>							



## HUD – NEPA - Environmental Assessment

Project Name and Identification Number: 3rd and Woods Mixed Use Construction Project /HMD001

Impact Categories	No Impact Anticipated	Potentially Beneficial	Potentially Adverse Requires Documentation Only	Potentially Adverse Requires More Study	Needs Mitigation	Requires Project Modification	Source or Documentation (See Attached References)
Demographic/Character Changes	X						The proposed project includes 60 units of affordable housing intended to serve the housing needs of current area residents. Assuming one to three persons per household, this would accommodate a population of about 60 to 180 people. The development would serve the existing area population and such a population increase would not substantially change the demographic character of the area.
Displacement	X						Development of the proposed project would not displace any residences. However, the demolition of the existing onsite building would require the relocation of Red Cross offices.
Employment and Income Patterns	X						The proposed project would generate temporary employment opportunities during construction and long-term employment opportunities at the retail space on the ground floor of the proposed structure. No adverse impacts to employment or income patterns are expected.
<b>Community Facilities and Services</b>							
Educational Facilities	X						The proposed project is an affordable housing development. It would be expected to generate additional students at area schools. However, the developer would be required to pay State-mandated school impact fees to provide funding for any needed facilities expansions.
Commercial Facilities		X					The proposed project would not adversely affect commercial facilities and may incrementally increase the customer base for existing commercial businesses. The project includes ground floor commercial space.
Health Care	X						The proposed project may incrementally increase demand for health care services; however, because it is intended to serve the housing needs of current area residents, it would not affect health care facilities or services.
Social Services		X					The proposed project would provide affordable housing for current area residents. It would not require any new social services.
Solid Waste					X		The proposed project would incrementally increase the generation of solid waste over existing conditions. This increase is not expected to significantly affect area landfills. Nevertheless, because of ongoing concerns about regional landfill capacity, project design should accommodate solid waste recycling.
Waste Water	X						The proposed project would increase wastewater generation as compared to the current use of site. However, it is expected that the current wastewater infrastructure that is in place would accommodate urban development similar to that proposed. Any needed system improvements would be made in conjunction with site

## HUD – NEPA - Environmental Assessment

Project Name and Identification Number: 3rd and Woods Mixed Use Construction Project /HMD001

Impact Categories	No Impact Anticipated	Potentially Beneficial	Potentially Adverse Requires Documentation Only	Potentially Adverse Requires More Study	Needs Mitigation	Requires Project Modification	Source or Documentation (See Attached References)
							development.
Storm Water	X						The proposed project would not increase stormwater generation as impervious surfaces currently cover the entire project site. Storm drains would be installed on the site as part of project development and would be sized adequately to accommodate runoff from the site. The project would comply with local, state, and federal requirements pertaining to control of stormwater runoff. Therefore, significant impacts are not anticipated.
Water Supply					X		Water service would be provided by the Los Angeles County Waterworks (a). The proposed project would incrementally increase water consumption as compared to the current use but is not expected to significantly affect water supply. Nevertheless, because of ongoing concerns about water supply in the Southern California region, water conservation measures shall be incorporated into the design of the project.
Public Safety Police	X						The Los Angeles County Sheriff's Department's East Los Angeles Station, located adjacent to the project site at 5019 East Third Street, provides police protection services in the project vicinity (a, g). The proposed project would incrementally increase demand for police protection services. However, this increase would be nominal and no adverse impacts to police services are expected.
Fire	X						The Los Angeles County Fire Department Station 22 would provide fire protection, paramedic and emergency medical technician services to the project site. The station is located 928 South Gerhart Avenue, approximately 1.7 miles southeast of the project site (a, g). The proposed project would incrementally increase the demand for fire protection services; however, the site is within the existing service area. Assuming compliance with Fire Department requirements, no adverse impacts to fire protection services are anticipated from development of the project.
Emergency Medical	X						The Los Angeles County Fire Department would provide emergency medical services. Emergency victims would be taken to the Los Angeles County King-Drew Medical Center or Robert F. Kennedy Medical Center emergency rooms (a, g). No adverse impacts to emergency medical services are anticipated.
Open Space And Recreation Open Space	X						The proposed project would not adversely affect any areas designated as public open space.
Recreation	X						Belvedere Park and Obregon Park are located

## HUD – NEPA - Environmental Assessment

Project Name and Identification Number: 3rd and Woods Mixed Use Construction Project /HMD001

Impact Categories	No Impact Anticipated	Potentially Beneficial	Potentially Adverse Requires Documentation Only	Potentially Adverse Requires More Study	Needs Mitigation	Requires Project Modification	Source or Documentation (See Attached References)
							approximately 0.2 miles northwest and 1 mile west of the site, respectively (g). No adverse impacts to these facilities would occur.
Cultural Facilities	X						The proposed project would not adversely affect any cultural facilities (b).
Transportation	X						The proposed project would generate an estimated 234 average daily vehicle trips (ADT) (h). This would incrementally increase traffic on roadways in the immediate project vicinity, but is less than the 500-trip threshold at which the County of Los Angeles normally requires a traffic study. Significant impacts to the area circulation system are not anticipated.
<b>Natural Features</b>							
Water Resources	X						The proposed project would not affect water resources (b).
Surface Water	X						No surface water is located onsite. Therefore, no impacts to surface water would occur.
Watercourses	X						There are no watercourses within the vicinity of the project area (a, b). No impact to watercourses is anticipated.
Unique Natural Features and Agricultural Lands	X						The project site is in a highly urbanized area. The proposed project would not affect any natural features. No active agricultural lands or agriculturally zoned lands are present within the project area (a, b).
Vegetation and Wildlife	X						The project site is in a highly urbanized area. No important biotic communities exist and no wildlife was observed onsite (b). Therefore, the project would not significantly affect vegetation or wildlife.
<b>Long-Term Effects</b>							
Growth-Inducing Impacts	X						The proposed project would provide affordable housing and could directly induce population growth. However, the project is intended to provide housing services for existing City residents and thus is not expected to attract a significant number of people from outside the region. The project would not require the extension of infrastructure or roadways since the site has been developed in the past. Therefore, the project's potential to induce growth is not considered significant.
Cumulative Effects	X						The proposed project would provide infill development in an urbanized area. While it would increase the intensity of development on the project site, it would not result in any significant impacts that would be cumulatively considerable.

## HUD – NEPA - Environmental Assessment

Project Name and Identification Number: 3rd and Woods Mixed Use Construction Project /HMD001

Area of Statutory/ Regulatory Compliance	Not Applicable To this Project	Consultation Required and Completed	Permits Required and Obtained	Project Consistent with Applicable Policies	Conditions and/or Mitigation Actions Required	Note Compliance Documentation
1. Historic Properties 36 CFR 800 (CDBG) 36 CFR 801 (UDAG)					<b>X</b>	Historic and archaeological evaluations were conducted for the project site (see attached reports prepared by San Buenaventura Research Associates [e] and Conejo Archaeological Consultants [f]). Based on the historic resources evaluation, the project site is not eligible for listing on the National Register of Historic Places. Conejo Archaeological Consultants determined that no known archaeological resources would be adversely affected by project implementation. However, during grading, or any other earth moving events, discovery of any archaeological finds would require immediate cessation of activities and review by a qualified professional of the find for recommendations.
2. Floodplain Management 42 FR 26951	<b>X</b>					The project site is located within flood zone C or X, FEMA panel 06504308-50B, indicating minimal flood potential and no flood insurance requirement (e).
3. Wetlands Protection 42 FR 26951	<b>X</b>					No wetlands are located on or near the project site (b).
4. Coastal Zone Plan 16 U.S.C. 1451	<b>X</b>					The project site is not located in a coastal zone (j).
5. Sole Source Aquifers 42 U.S.C. 201, 300(g) and 21 U.S.C. 349	<b>X</b>					No impact to primary drinking water sources is anticipated.
6. Endangered Species 16 U.S.C. 1531	<b>X</b>					The project site is in an urbanized area. No endangered species are located in the area.
7. Wild and Scenic Rivers 16 U.S.C. 1271	<b>X</b>					No wild or scenic rivers are located in the site vicinity (k).

## HUD – NEPA - Environmental Assessment

Project Name and Identification Number: 3rd and Woods Mixed Use Construction Project /HMD001

Area of Statutory/ Regulatory Compliance	Not Applicable To this Project	Consultation Required and Completed	Permits Required and Obtained	Project Consistent with Applicable Policies	Conditions and/or Mitigation Actions Required	Note Compliance Documentation
8. Air Quality Protection 42 U.S.C. 7401	<b>X</b>					<p>The project site is located in the South Coast Air Basin, which is a nonattainment area for ozone, carbon monoxide, and fine particulate matter (PM<sub>10</sub>). Residents of the proposed project would therefore be exposed to potentially unhealthy ambient air as this regional condition cannot be feasibly mitigated. Traffic associated with the project would incrementally increase air pollutant emissions, but such emissions would not exceed locally adopted significance thresholds or hinder attainment of state or federal air quality standards (d).</p> <p>Existing SCAQMD regulations restrict the emissions of dust and fumes during construction and the project would be required to conform to these requirements.</p>
9. Farmland Protection 7 U.S.C. 4201	<b>X</b>					No agricultural uses are located onsite or in the vicinity of the project site.
10. Environmental Justice Executive Order 12898	<b>X</b>					The proposed project would provide additional employment opportunities in the community as well as affordable housing for area residents. The project would not expose low-income or minority populations to any environmental justice concerns.
11. HUD Environmental Standards, 24 CFR 51 as amended						
a. Noise Abatement 24 CFR 51B	<b>X</b>					<p>Project construction would generate temporary noise level increases. Local noise ordinances would apply.</p> <p>The proposed project involves affordable senior housing and is not expected to generate substantial noise. The project is itself a noise sensitive use. A noise measurement was taken at the project site on March 12, 2007. The noise measurement indicated a noise level of 68.0 dBA. Therefore, onsite noise levels may exceed HUD's 65 decibel Ldn exterior standard for residences.</p>
b. Landfill Hazards CPD Letter 79-33	<b>X</b>					The project site is not subject to any known landfill hazards (b, c).
c. Upset Hazards 24 CFR 51B	<b>X</b>					The project site is not subject to any known upset hazards, nor would the proposed use create any significant upset hazards (b).

## HUD – NEPA - Environmental Assessment

Project Name and Identification Number: 3rd and Woods Mixed Use Construction Project /HMD001

Area of Statutory/ Regulatory Compliance	Not Applicable To this Project	Consultation Required and Completed	Permits Required and Obtained	Project Consistent with Applicable Policies	Conditions and/or Mitigation Actions Required	Note Compliance Documentation
d. Flammable Oper. 24 CFR 51C	<b>X</b>					The project site is not subject to any known flammable operations or explosives (b).
e. Toxic/Radioactivity HUD Notice 79-33					<b>X</b>	The project site is not subject to any known radioactivity (b). A Phase I Environmental Site Assessment was conducted on the project site by DCI Environmental Services in September of 2006 (c). As a result of the former gas station located adjacent to the east of the project site, DCI Environmental Services determined that soil sampling shall be performed prior to site development (c). Pursuant to the determination made by DCI Environmental Services, a Limited Phase II Environmental Site Assessment was conducted on the project site by Converse Consultants in June of 2007 (l). Based on the sampling and analyses of onsite soils, Converse Consultants concluded that in specified locations soil shall be removed and disposed prior to site development.
f. Airport Clear Zones 24 CFR 51D	<b>X</b>					The project site is not in an airport clear zone (a).

## ***HUD – NEPA - Environmental Assessment***

Project Name and Identification Number: 3rd and Woods Mixed Use Construction Project /HMD001

---

### **Summary of Findings and Conclusions:**

The proposed project involves the demolition of an existing 2-story commercial building and the construction of a 4-story building with 60 units of affordable housing in 6 one-bedroom, 35 two-bedroom, and 18 three-bedroom units with surface and underground parking. The ground floor of the development would include approximately 9,000 square feet of commercial space and 2,100 square feet of recreational space. The project would cover approximately 60,000 square feet. The project site would be re-zoned from LCC3 (Commercial Office) to a zoning which would permit the proposed project. Neighboring land uses consist of residential, commercial and office development. The proposed project would be compatible with the scale and visual character of the surrounding area.

The project site is generally flat. No watercourses or water resources are located in the project area. No threatened or endangered wildlife was observed on the site. Previous land uses onsite resulted in the discharge of waste materials and wastewater. A Phase I Environmental Site Assessment was conducted on the project site by DCI Environmental Services in September of 2006. As a result of the former gas station located adjacent to the east of the project site, DCI Environmental Services determined that soil sampling shall be performed prior to site development. Pursuant to the determination made by DCI Environmental Services, a Limited Phase II Environmental Site Assessment was conducted on the project site by Converse Consultants in June of 2007. Based on the sampling and analyses of onsite soils, Converse Consultants concluded that in specified locations soil shall be removed and disposed prior to site development.

The proposed project would not significantly affect public facilities. Implementation of the project would create temporary employment opportunities during construction and long-term employment opportunities during operation of the proposed ground-level retail space. The proposed project is not expected to disturb either historic or archaeological resources.

The proposed project would not consume substantial quantities of water or energy or generate substantial quantities of solid waste or wastewater. Nevertheless, water conservation measures and recycling facilities should be incorporated into project design. The project is located outside the 500-year flood area, indicating minimal flood potential in the area.

The proposed project would conform to all applicable federal, state, and regional air pollution control regulations, and would not significantly affect local or regional air quality. The project would incrementally increase daily traffic volumes in the immediate area; however, project-generated traffic would not significantly affect local roadways. A 20-minute noise measurement taken onsite indicated a noise level of 68.0 dBA Leq. Thus, site residences could be exposed to noise exceeding HUD standards.

### **Summary of Environmental Conditions:**

The project site is located in a highly urbanized area. No wildlife was observed onsite.

## ***HUD – NEPA - Environmental Assessment***

Project Name and Identification Number: 3rd and Woods Mixed Use Construction Project /HMD001

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### **Project Modifications and Alternatives Considered:**

No unavoidably significant impacts were identified for the proposed project. Therefore, project alternatives or modifications have not been considered.

### **Mitigation Measures Required:**

The following mitigation measures are required:

- 1. Archaeological Resources.** In the event that archaeological resources are unearthed during project construction, all earth disturbing work within the APE must be temporarily suspended until an archaeologist has evaluated the nature and significance of the find. After the find has been appropriately mitigated, work in the area may resume. A Gabrielino representative should monitor any archaeological field work associated with Native American materials. If human remains are unearthed, State Health and Safety Code Section 7050.5 requires that no further disturbance shall occur until the Los Angeles County Coroner has made the necessary findings as to origin and disposition pursuant to Public Resources Code Section 5097.98. If the remains are determined to be of Native American descent, the coroner has 24 hours to notify the Native American Heritage Commission.
- 2. Hazardous Materials.** In accordance with the Phase II Environmental Assessment for the project site, conducted by Converse Consultants, the following mitigation measures shall be implemented prior to project development:
  - Concentrations of TPH-G in samples from three borings (GP-4, GP-5 and GP-10) at a depth of 5 feet below ground surface (bgs) were reported in excess of the (Maximum Soil Screening Level) MSSL. These samples, as well as the 5-foot sample from GP-11 and the 10-foot sample from GP-4, were reported to contain various VOCs at concentrations exceeding the respective PRG-r values. As a result, soil within the vicinity of these boring shall be removed to a depth of 10 bgs.
  - The concentration of benzene in the soil sample from boring GP-1 at a depth of 15 feet bgs exceeded the PRG-r. Therefore, the soil within a 10-foot by 10-foot area in the vicinity of boring GP-1 to a depth of 20 feet bgs shall be removed and disposed.
  - All remedial activities shall be overseen by the Los Angeles County Fire Department's (LACFD) Site Mitigation Unit in order to obtain a "closure" or "no further action" letter with regards to contaminants identified in the onsite soil.
- 3. Noise.** In order to ensure an acceptable interior noise environment at the proposed apartment complex (45 dBA or less), the following shall be included in project design:
  - Air conditioning or a mechanical ventilation system shall be provided so that windows and doors may remain closed.



## ***HUD – NEPA - Environmental Assessment***

Project Name and Identification Number: 3rd and Woods Mixed Use Construction Project /HMD001

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- Windows and sliding glass doors facing 3<sup>rd</sup> Street and Woods Avenue shall have a Sound Transmission Class (STC) rating of at least 33, per ANSI specifications.
  - Exterior doors facing 3<sup>rd</sup> Street and Woods Avenue shall be solid-core with perimeter weather stripping and threshold seals.
4. **Solid Waste Recycling.** Because of ongoing concerns about available landfill capacity, project design shall incorporate space for separate bins for waste and recyclable materials.
5. **Water Supply.** Because of ongoing concerns about regional water supplies, the following shall be incorporated into project design:
- To the degree feasible, landscaped areas shall be designed with drought-tolerant species. Irrigation shall be accomplished with drip systems. Planting beds shall be heavily mulched in accordance with water-conserving landscape design practice.
  - All new structures shall be fitted with water conserving fixtures, including, but not limited to, low flow faucets and toilets.
6. **Additional Modifications.** Minor changes to the mitigation measures required as a condition of funding approval are permitted, but can only be made with the approval of the Executive Director of the Community Development Commission (CDC) of Los Angeles County.

## HUD – NEPA - Environmental Assessment

Project Name and Identification Number: 3rd and Woods Mixed Use Construction Project /HMD001

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### References:

- a. Los Angeles Department of Regional Planning Website, <http://planning.co.la.ca.us>, accessed online March 2006. (ELECTRONIC)
- b. Rincon Consultants, Inc., site visit, March 12, 2007.
- c. DCI Environmental Services, *Phase I Environmental Site Assessment, Commercial Property, 5051 East 3<sup>rd</sup> Street, East Los Angeles County, California*, September 13, 2006. (PRINTED)
- d. South Coast Air Quality Management District, <http://www.aqmd.gov>, accessed online March 2007. (ELECTRONIC)
- e. San Buena Ventura Research Associates, *Red Cross Mixed Use Construction Project*, March 19, 2007. (PRINTED)
- f. Conejo Archaeological Consultants, *Negative Archaeological Survey Report for the Red Cross Mixed Use Construction Project*, March 20, 2007. (PRINTED)
- g. Thomas Brothers Maps, Los Angeles County, 2002. (PRINTED)
- h. Institute of Transportation Engineers, *Trip Generation*, 7th Edition, 2003.  
Project-generated traffic was calculated by multiplying the project size (units) by the applicable trip generation rate. The average daily traffic (ADT) rate for mid-rise apartments (3 to 10 levels) is 3.9 trips per unit and there are 60 proposed units. Therefore, approximately 234 ADT would be generated by the proposed project ( $3.9 \times 60$ ).
- i. FEMA Mapping Service, <http://www.msc.fema.gov/>, accessed online September 27, 2006. (ELECTRONIC)
- j. California Coastal Commission, [www.coastal.ca.gov](http://www.coastal.ca.gov), accessed online March 2007. (ELECTRONIC)
- k. National Wild and Scenic Rivers System, [www.nps.gov/rivers](http://www.nps.gov/rivers), accessed online March 2007. (ELECTRONIC)
- l. Converse Consultants, *Limited Phase II Environmental Assessment Report, Red Cross (3<sup>rd</sup> and Woods) 5051 E. 3<sup>rd</sup> Street, East Los Angeles, California*, June 5, 2007. (PRINTED)

## HUD – NEPA - Environmental Assessment

Project Name and Identification Number: 3rd and Woods Mixed Use Construction Project /HMD001

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1. Is the project in compliance with applicable laws and regulations? ☒Yes ☐No
2. Is an EIS required? ☐Yes ☒No
3. A Finding of No Significant Impact (FONSI) can be made. The project will not significantly affect the quality of the human environment. ☒Yes ☐No

### Basic Reasons Supporting Decision:

The proposed project involves the development of a 4-story building with 60 units of affordable housing in 6 one-bedroom, 35 two-bedroom, and 18 three-bedroom units with surface and underground parking. The proposed project would further the County's goals of providing affordable housing for current area residents. The project involves infill development in a highly urbanized area of Los Angeles County. Based on the Environmental Assessment, it has been determined that with implementation of recommended mitigation measures, the proposed project would not generate any significant environmental impacts.

The following mitigation measures are required:

1. **Archaeological Resources.** In the event that archaeological resources are unearthed during project construction, all earth disturbing work within the APE must be temporarily suspended until an archaeologist has evaluated the nature and significance of the find. After the find has been appropriately mitigated, work in the area may resume. A Gabrielino representative should monitor any archaeological field work associated with Native American materials. If human remains are unearthed, State Health and Safety Code Section 7050.5 requires that no further disturbance shall occur until the Los Angeles County Coroner has made the necessary findings as to origin and disposition pursuant to Public Resources Code Section 5097.98. If the remains are determined to be of Native American descent, the coroner has 24 hours to notify the Native American Heritage Commission.
2. **Hazardous Materials.** In accordance with the Phase II Environmental Assessment for the project site, conducted by Converse Consultants, the following mitigation measures shall be implemented prior to project development:
  - Concentrations of TPH-G in samples from three borings (GP-4, GP-5 and GP-10) at a depth of 5 feet below ground surface (bgs) were reported in excess of the (Maximum Soil Screening Level) MSSL. These samples, as well as the 5-foot sample from GP-11 and the 10-foot sample from GP-4, were reported to contain various VOCs at concentrations exceeding the respective PRG-r values. As a result, soil within the vicinity of these boring shall be removed to a depth of 10 bgs.

## HUD – NEPA - Environmental Assessment

Project Name and Identification Number: 3rd and Woods Mixed Use Construction Project /HMD001

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- The concentration of benzene in the soil sample from boring GP-1 at a depth of 15 feet bgs exceeded the PRG-r. Therefore, the soil within a 10-foot by 10-foot area in the vicinity of boring GP-1 to a depth of 20 feet bgs shall be removed and disposed.
  - All remedial activities shall be overseen by the Los Angeles County Fire Department's (LACFD) Site Mitigation Unit in order to obtain a "closure" or "no further action" letter with regards to contaminants identified in the onsite soil.
3. **Noise.** In order to ensure an acceptable interior noise environment at the proposed apartment complex (45 dBA or less), the following shall be included in project design:
- Air conditioning or a mechanical ventilation system shall be provided so that windows and doors may remain closed.
  - Windows and sliding glass doors facing 3<sup>rd</sup> Street and Woods Avenue shall have a Sound Transmission Class (STC) rating of at least 33, per ANSI specifications.
  - Exterior doors facing 3<sup>rd</sup> Street and Woods Avenue shall be solid-core with perimeter weather stripping and threshold seals.
4. **Solid Waste Recycling.** Because of ongoing concerns about available landfill capacity, project design shall incorporate space for separate bins for waste and recyclable materials.
5. **Water Supply.** Because of ongoing concerns about regional water supplies, the following shall be incorporated into project design:
- To the degree feasible, landscaped areas shall be designed with drought-tolerant species. Irrigation shall be accomplished with drip systems. Planting beds shall be heavily mulched in accordance with water-conserving landscape design practice.
  - All new structures shall be fitted with water conserving fixtures, including, but not limited to, low flow faucets and toilets.
6. **Additional Modifications.** Minor changes to the mitigation measures required as a condition of funding approval are permitted, but can only be made with the approval of the Executive Director of the Community Development Commission (CDC) of Los Angeles County.

Prepared by:	<u>Sean Wazlaw</u>	Title:	<u>Environmental Planner</u>
Date:	<u>June 27, 2007</u>		
Concurred in:	<u>Donald Dean</u>	Title:	<u>Environmental Officer, CDC</u>

*Attachments: Figures, Historic Report, Archeological Report*

Figure 1



Source: Rincon Consultants, Inc., 2007, US Bureau of the Census  
TIGER 2000 data, and CIRGIS, 2006.

 Project Boundary



0 250 500 1,000 Feet

Project Location

Figure 2  
LACDC





**Photo 1** -View of project site and existing onsite building looking west on 3rd Street.



**Photo 2** - View of project site looking northeast on 3rd Street.



# SAN BUENAVENTURA RESEARCH ASSOCIATES

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## MEMORANDUM

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**To:** Joe Power, Rincon Consultants, Inc.  
**From:** Judy Triem, San Buenaventura Research Associates  
**Date:** 19 March 2007  
**Re:** Red Cross Mixed Use Construction Project

### 1. Description of Undertaking

The Los Angeles County Community Development Commission plans to use federal funds to demolish an existing 2-story commercial building and construct an affordable housing and retail building at 5051 E. 3rd Street in unincorporated East Los Angeles. The new 4-story building will provide 60 units of affordable housing in 6 one-bedroom, 35 two-bedroom, and 18 three-bedroom units with surface and underground parking. The ground floor of the development will include approximately 9,000 square feet of commercial space and 2,100 square feet of recreational space. The project will cover approximately 60,000 square feet. [Figure 1]

### 2. Area of Potential Effect

The Area of Potential Effect (APE) includes the project site itself (APN 5250-003- 901, 902, 903), the adjacent properties and the properties across the street from the project site.

### 3. Description of Location of Undertaking

The project site contains three parcels, with frontage on Third Street extending to Woods Avenue on the east. The project site contains one two-story modern office building and a parking lot on the east. [Photo 1] Adjacent and west of the project site on Third Street is the Sheriff's Station. [Photo 2]

Adjacent to the project site to the east is Woods Avenue. [Photo 2] Behind the project site is an alley and a residential subdivision from the 1940s and 1950s that faces onto Telford Street. [Photo 3] Across Woods Avenue from the project site is a hospital from the 1980s and later. [Photos 4] Across 3rd Street from the project site is the gas company building dating from the 1930s or later. [Photos 5-6]

### 4. Historic Resources/National Register Determination

#### *Historical Background*

The project site is located in a section of of Los Angeles County known as East Los Angeles, a somewhat indefinite area typically defined as encompassing the land between the Los Angeles River on the west and the cities of Alhambra, Monterey Park and Montebello on the east, the City of Commerce on the south and Glendale on the north. Greater East Los Angeles is composed of numerous, fairly distinct, and mainly unincorporated communities. Among these are Highland Park, El Sereno, Brooklyn Heights, Boyle Heights, Lincoln Heights, and City Terrace. Other, less well-defined portions of the dis-



## Red Cross Mixed Use Construction Project (2)

tract lacking any specific neighborhood identification are referred to today simply as East Los Angeles, in particular, the unincorporated sections of Los Angeles County located between the Pomona and Golden State freeways.

With the explosive growth of the Los Angeles region during the first decades of the twentieth century, the character of East Los Angeles began a rapid transition from ranching, vegetable growing, fruit farming and dairies to working-class streetcar suburbs. The many and various neighborhoods of East Los Angeles which developed during the 1900s, 1910s and 1920s, quickly took on the distinct ethnic characters of the immigrants who settled them.

Notable populations of Russians, Armenians, Jews, Chinese, Italians, Japanese, and Mexicans coalesced in East Los Angeles. By 1930, these neighborhoods had developed individual, well-recognized social, political and economic identities. After 1940, however, many of these ethnic groups began to disburse, and the ethnic composition of East Los Angeles shifted, taking on the predominantly Mexican-American character it reflects today.

The project site and surrounding area during the 1930s and 1940s was devoted to citrus orchards. By the late 1940s, there was a small building on the third parcel at the eastern edge of the project site. By the 1950s housing tracts to the north replaced the orchards. Aerial photographs in 1953 show a building on the middle parcel of the project site. In 1964 the two-story office building was constructed at 5051 E. Third Street, the western most parcel of the project site. Eventually the two buildings east of the office building were replaced by the present parking lot.

### *Physical Description*

**5051 E. Third Street:** This site contains a large two-story modern 17,556 square foot office building constructed in 1964 with a large parking lot to the east.

**Telford Avenue.** This street runs north of the project site and is within the APE. It is a residential area constructed during the 1950s. The houses in this area back up to the rear of the project site. They are one-story single family residences, rectangular in plan, with hip roofs and ? siding.

**303 S. Woods Avenue.** This building was constructed in 1948 and is a Southern California Gas Company building. The building is rectangular in plan with a flat roof and a grouping of multi-paned windows across the front of the building.

### *National Register Eligibility*

The criteria for determining eligibility for listing on the National Register of Historic Places (NRHP) have been developed by the National Park Service. Properties may qualify for NRHP listing if they:

- A. are associated with events that have made a significant contribution to the broad patterns of our history; or
- B. are associated with the lives of persons significant in our past; or

### Red Cross Mixed Use Construction Project (3)

- C. embody the distinctive characteristics of a type, period, or method of construction or that represent the work of a master, or that possess high artistic values, or that represent a significant and distinguishable entity whose components may lack individual distinction; or
- D. have yielded, or may be likely to yield, information important in prehistory or history.

The residential buildings within the APE behind the project site on Telford Avenue and the gas company building on 3rd Street do not appear to be associated with an event that has made a significant contribution to the history of the East Los Angeles community (Criterion A). Although they were part of the early residential development of the region, these buildings do not appear to have played a significant role in this development.

The residences and gas company building within the APE do not appear to be associated with the lives of any significant persons (Criterion B). The buildings do not embody the distinctive characteristics of a type or method of construction (Criterion C). They are ordinary examples of their style and period. Criterion D applies to archaeology and is not relevant in this case.

The minimum age criterion for the National Register of Historic Places (NRHP) is 50 years. Properties less than 50 years old may be eligible for listing on the NRHP if they can be regarded as "exceptional," as defined by the NRHP procedures.

The remaining properties within the APE were all constructed between 1964 and the present day. In order for them to be eligible for the National Register, they would have to be exceptional. None of these buildings can be considered exceptional. They are ordinary commercial and office buildings of their period.

In conclusion, there are presently no known buildings within the APE that are listed or eligible for listing on the National Register of Historic Places.

#### 5. Information from Local Organizations

No information was collected from local organizations. The Greater East Los Angeles Cultural Heritage Survey was reviewed. None of the subject properties were listed in this survey published in 1979.

#### 6. Selected Sources

California Historical Landmarks, 1990

Community Research Group. *Completion Report for the Greater East Los Angeles Cultural Heritage Survey*. Los Angeles: The East Los Angeles Community Union, 1979.

DCI Environmental Services. *Phase I Environmental Site Assessment for Commercial Property 5051 E. 3rd Street, Los Angeles, CA 90022*. September 2006.

Ethnic Survey, Los Angeles County entries.

Federal Register Listings through January, 2006

#### **Red Cross Mixed Use Construction Project (4)**

Los Angeles Assessor's Office website for parcel information and dates of construction.

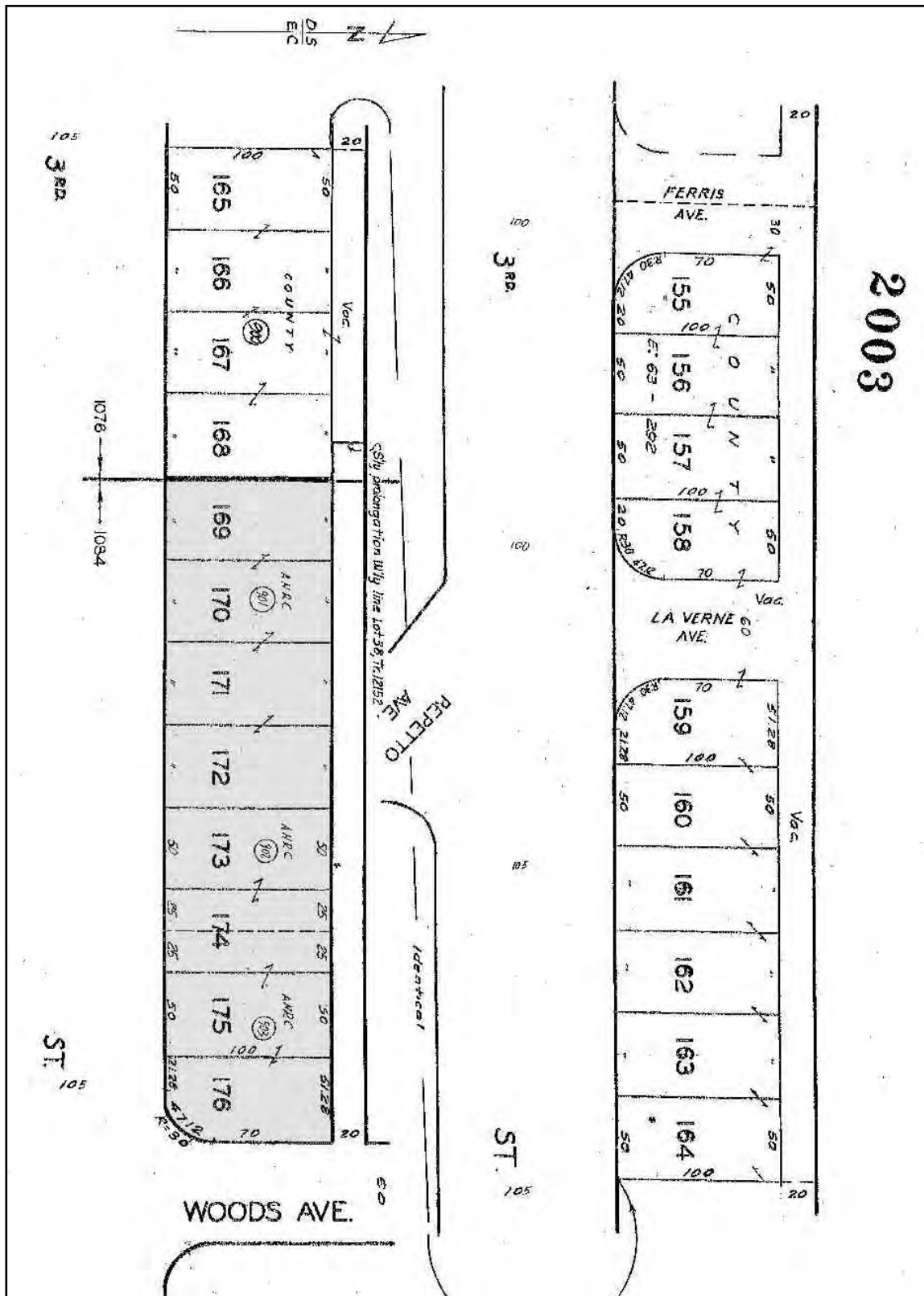


Figure 1. Project Location [Los Angeles County Assessor, Book 5250, Page 3]



Photo 1. Project site: 5051 E. 3rd Street, front elevation [12 March 2007]



Photo 2. Buildings adjacent to project site on west, Sheriff's station [12 March 2007]





Photo 3. Buildings behind project site, on the north [12 March 2007]



Photo 4. Buildings across Woods Ave. from project site, Kaiser Permanente [12 March 2007]



Photo 5. View across 3rd Street from project site: gas company building [12 March 2007]



Photo 6. View looking west from project site across 3rd Street [12 March 2007]





**NEGATIVE ARCHAEOLOGICAL SURVEY REPORT  
OF AN APPROXIMATE 0.95-ACRE AREA FOR THE  
RED CROSS MIXED USE CONSTRUCTION PROJECT  
5051 EAST 3<sup>rd</sup> STREET  
UNINCORPORATED EAST LOS ANGELES COUNTY,  
CALIFORNIA  
(USGS 7.5' Los Angeles Quadrangle)**

*Prepared for:*  
**Los Angeles County  
Community Development Commission**  
2 Coral Circle  
Monterey Park, California 91755  
Contact: Donald Dean

*Prepared by:*  
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## I. INTRODUCTION WITH PROJECT DESCRIPTION AND LOCATION

<b>CDC Project Name/No.:</b> Red Cross Mixed Use Construction Project	<b>Location:</b> 5051 E. 3 <sup>rd</sup> Street East Los Angeles Los Angeles County	<b>Thomas Bro. Grid:</b> Pg. 635, H6	<b>Assessor Parcel Nos.</b> 5250-003-901, 902 & 903	<b>CDC Contact:</b> Donald Dean Environmental Officer (323) 890-7186
---	--	---	---	---

This report was prepared at the request of Donald Dean of the Los Angeles County Community Development Commission (CDC). It presents the results of a Phase I archaeological investigation conducted by Conejo Archaeological Consultants (Conejo) for the Red Cross Mixed Use Construction Project. Public funds will be used in the demolition of an existing 2-story commercial building, and construction of affordable housing and retail at 5051 E. 3<sup>rd</sup> Street in unincorporated East Los Angeles County (Exhibits 1, 2 & 3). The new 4-story structure will contain 60 units of affordable units. The ground floor will include approximately 9,000 square feet of commercial space 2,100 square feet of recreational space. The project includes both subterranean and ground level parking spaces. Offsite improvements will include pavement repair, curbs, gutters, sidewalks, and utility installation.

This archaeological study was undertaken in compliance with Section 106 of the National Historic Preservation Act and its implementing regulations under 36 CFR 800 (as amended). This study also complies with Section 21083.2 of the California Environmental Quality Act.

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## II. STUDY FINDINGS

Based on the South Central Coastal Information Center's (SCCIC) record search results, survey findings and the extent of previous ground disturbance within the project's area of potential effect (APE), the Red Cross Mixed Use Construction Project will not impact any archaeological resources. Therefore, no further archaeological investigations are warranted prior to project approval. In the unexpected event that prehistoric and/or historic cultural materials are encountered during construction, all earth disturbing work within the vicinity of the find must be temporarily halted until a qualified archaeologist can evaluate the nature and significance of the find, as detailed in Section VI of this report.

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## III. ENVIRONMENTAL SETTING

**Physical Environment:** The project's approximate 0.95-acre APE consists of Assessor Parcel Numbers 5250-003-901, 902, & 903 (Exhibit 2). The subject property is located at the northwest corner of the E. 3<sup>rd</sup> Street and Woods Avenue in a mixed commercial and residential area of unincorporated East Los Angeles. The APE is bordered by single-family residences to the north; by Woods Avenue and Kaiser Permanente Hospital to the east, by E. 3<sup>rd</sup> Avenue and commercial

development to the south, and by a Los Angeles County Sheriff Station to the west.

A 2-story commercial building and associated parking lot are currently located on the subject property. Where not built or paved over the property is landscaped. There are no stands of native vegetation within or adjacent to the project APE. No natural drainages occur within or adjacent to the project APE.

### **Cultural Environment:**

*Prehistory.* The project site lies within the historic territory of the Native American group known as the Gabrielino, one of the wealthiest, most populous, and most powerful ethnic nationalities in aboriginal southern California (Bean and Smith 1978). The Gabrielino followed a sophisticated hunter-gatherer lifestyle, and were a deeply spiritual people (McCawley 1996). The Gabrielino territory included the Los Angeles Basin (which includes the watersheds of the Los Angeles, San Gabriel, and Santa Ana Rivers), the coast from Aliso Creek in the south to Topanga Creek in the north, and the four southern Channel Islands. For in depth information on the Gabrielino, the reader is referred to McCawley's (1996) *The First Angelinos, The Gabrielino Indians of Los Angeles*.

*History.* The following historic use of the project APE is based on information provided in the Phase I Environmental Site Assessment (ESA) prepared by DCI Environmental Services (2006). The ESA included a review of aerial photographs, Sanborn Fire Insurance Maps, USGS 7.5' Topographic Maps, and building records, and is summarized below.

Historic aerial photographs indicate that the subject property in 1928 was fallow land. In 1938 the project APE and surrounding lands were planted in citrus groves. By 1953, orchards to the north of the APE were replaced by residential development and to the south of E.3<sup>rd</sup> Street by commercial development. A small building (likely a service station) is located within the eastern end of the APE in 1953. In 1960 a building is located in the central portion of the APE and the smaller structure previously noted is gone. The central building is still present and a new smaller structure is located at the eastern end of the property in 1968, 1971 and 1976 aerial photographss. In the 1982 aerial photograph the current existing structure on the subject property is present and the two previous structures were no longer present. The 1994 and 2002 aerial photographs show little change from the 1982 aerial photograph.

Historic Sanborn Fire Insurance Maps were not found for the project APE. Review of the 1925 USGS 7.5' Topographic Map shows the subject site as vacant land, possibly in agricultural use.

Both E. 3<sup>rd</sup> Street and Woods Avenue are present on the 1925 map.

The earliest permit for the project APE is for a septic tank connection completed in 1964; the applicant was LA County F & A Federal Credit Union. Another sewer permit was issued in 1972. The earliest building permit on file for the subject property was for construction of a service station building issued to American Oil Company in 1966. The service station was located on the eastern portion of the project APE. Another building permit was issued in 1977 for the demolition of the service station. Underground storage tanks were removed at that time.

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#### IV. SOURCES CONSULTED

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##### **Results:**

##### South Central Coastal Information Center

A record search was conducted at the South Central Coastal Information Center housed at California State University Fullerton on March 12, 2007. The record search identified no prehistoric or historic sites within a 0.5-mile radius of the project's APE.

Eleven archaeological surveys have been conducted within a 0.5-mile radius of the project APE. None of these surveys included or were adjacent to the project APE.

##### Federal, State & Local Historic Listings

The listings of the National Register of Historic Places (NRHP) includes no properties within or adjacent to the project APE (National Park Service 2007). There are no California Historical Landmarks or Points of Historical Interest located within or adjacent to the project APE (Office of Historic Preservation 2007, 1992).

The California State Historic Resources Inventory lists no evaluations for the 5000 block of E. 3<sup>rd</sup> Street in East Los Angeles.

Historian Judy Triem is in the process of conducting a Section 106 review of the project APE's built environment.

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#### V. FIELD METHODS

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The approximate 0.95-acre project APE was surveyed by Mary Maki on March 12, 2007 (Exhibits 2 & 3). Ms. Maki is certified by the Register of Professional Archaeologists (RPA) and has over 17 years archaeological experience in southern California.

As approximately 95 percent of the project APE was built or paved over, a systematic archaeological

survey was not feasible. Instead all visible ground surfaces within the landscaped areas were closely inspected. Within the landscaped areas ground surface visibility was generally. The soil on the project site was a silty sand. No prehistoric or historic archaeological resources were observed. However, the lack of ground surface visibility across the vast majority of the APE rendered the survey results inconclusive as to the absence of prehistoric or historic resources.

The project APE has been extensively disturbed by grading and trenching associated with the construction and demolition of various structures, including the burial and removal of gas tanks.

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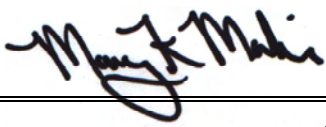
## VI. REMARKS

Although survey efforts were limited by development of the project APE, based on the SCCIC record search results and the extent of past ground disturbances on the property, no impact to archaeological resources is anticipated from project development. Therefore, no further archaeological investigation is warranted prior to project implementation as long as the following two recommendations are included as conditions of project approval.

1. In the event that archaeological resources are unearthed during project construction, all earth disturbing work within the APE must be temporarily suspended until an archaeologist has evaluated the nature and significance of the find. After the find has been appropriately mitigated, work in the area may resume. A Gabrielino representative should monitor any archaeological field work associated with Native American materials.
2. If human remains are unearthed, State Health and Safety Code Section 7050.5 requires that no further disturbance shall occur until the Los Angeles County Coroner has made the necessary findings as to origin and disposition pursuant to Public Resources Code Section 5097.98. If the remains are determined to be of Native American descent, the coroner has 24 hours to notify the Native American Heritage Commission.

---

## VII. CERTIFICATION

<b>Prepared By:</b> Mary K. Maki	<b>Title:</b> Principal Investigator	<b>Qualification:</b> RPA Certified 17 Years So. CA arch experience
<b>Signature:</b> 		<b>Date:</b> March 20, 2007

---

## VIII. MAPS

Project Vicinity ☒ USGS 7.5' Los Angeles Quadrangle ☒ Archaeological APE/APN ☒

---

## IX. PHOTOGRAPHS

---

Yes ☒

No ☐

Attached Yes ☒ No ☐ (See Title Page)

---

## X. CITATIONS

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Bean, Lowell John and Charles R. Smith

1978 Gabrielino. In *Handbook of North American Indians: California*, Volume 8. Edited by R.F. Heizer, pp. 505-508. W.G. Sturtevant, general editor. Smithsonian Institution, Washington D.C.

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Los Angeles County Assessor

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McCawley, William

1996 *The First Angelinos, The Gabrielino Indians of Los Angeles*. Malki Museum Press, Morongo Indian Reservation, Banning, California.

National Park Service

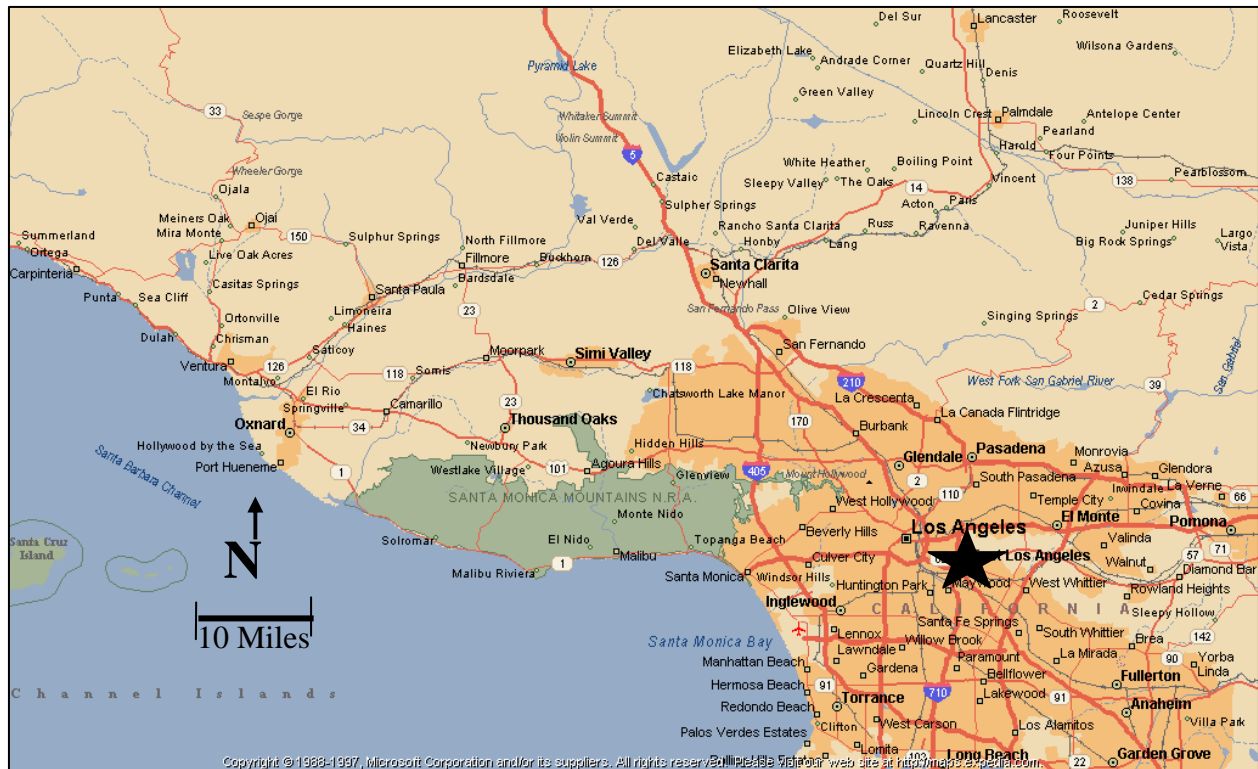
2007 National Register of Historic Places. Department of the Interior.  
[http://www.nr.nps.gov/iwisapi/explorer.dll?IWS\\_SCHEMA=NRIS1&IWS\\_LOGIN=1&IWS\\_REPORT=100000039](http://www.nr.nps.gov/iwisapi/explorer.dll?IWS_SCHEMA=NRIS1&IWS_LOGIN=1&IWS_REPORT=100000039).

Office of Historic Preservation

2007 California Historical Landmarks. Department of Parks and Recreation, Sacramento, California. [http://ohp.parks.ca.gov/?page\\_id=21427](http://ohp.parks.ca.gov/?page_id=21427).

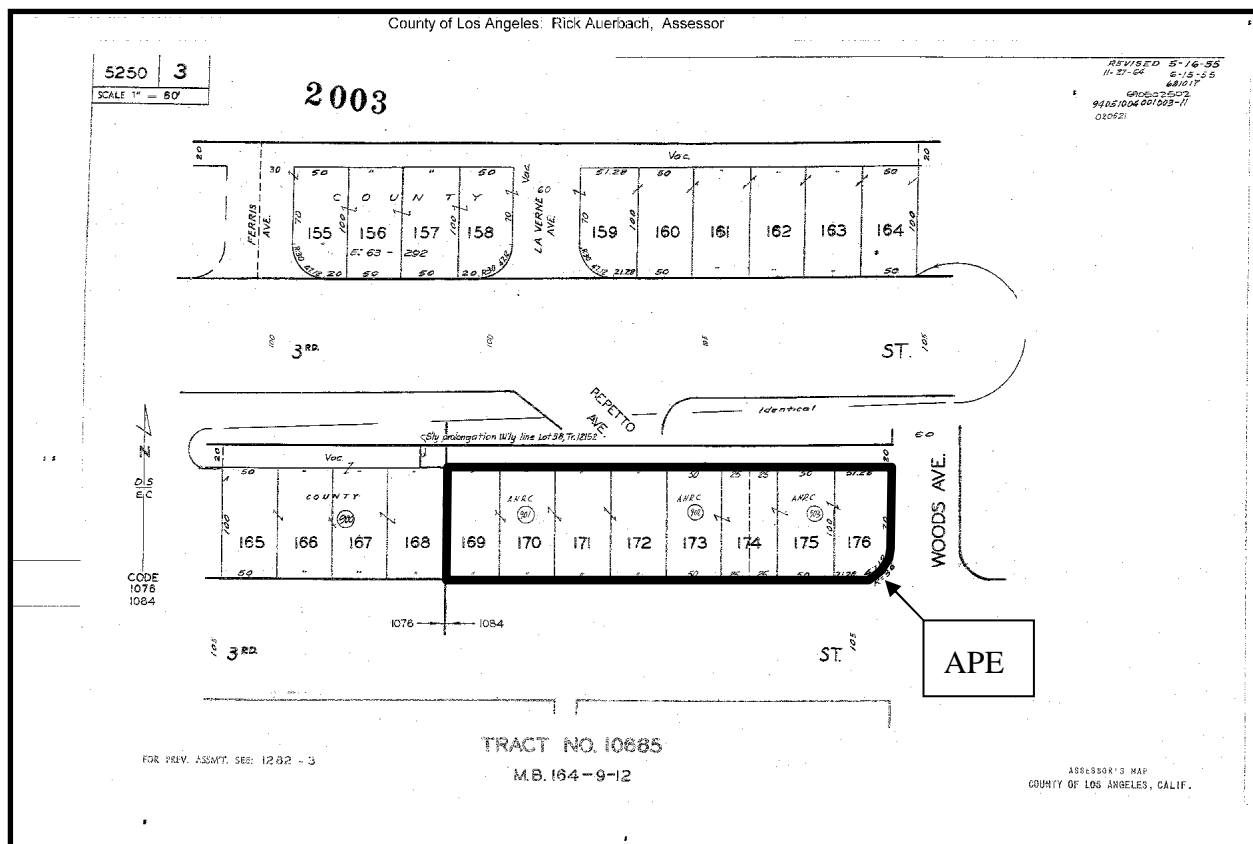
2006 Directory of Properties in the Property Data File for Los Angeles County. Department of Parks and Recreation, Sacramento, California, 12/11/2006.

1992 *California Points of Historical Interest*. Department of Parks and Recreation, Sacramento, California.



**PROJECT VICINITY MAP**  
Red Cross Mixed Use Construction Project  
5051 E. 3<sup>rd</sup> Street  
East Los Angeles, Los Angeles County

Exhibit 1

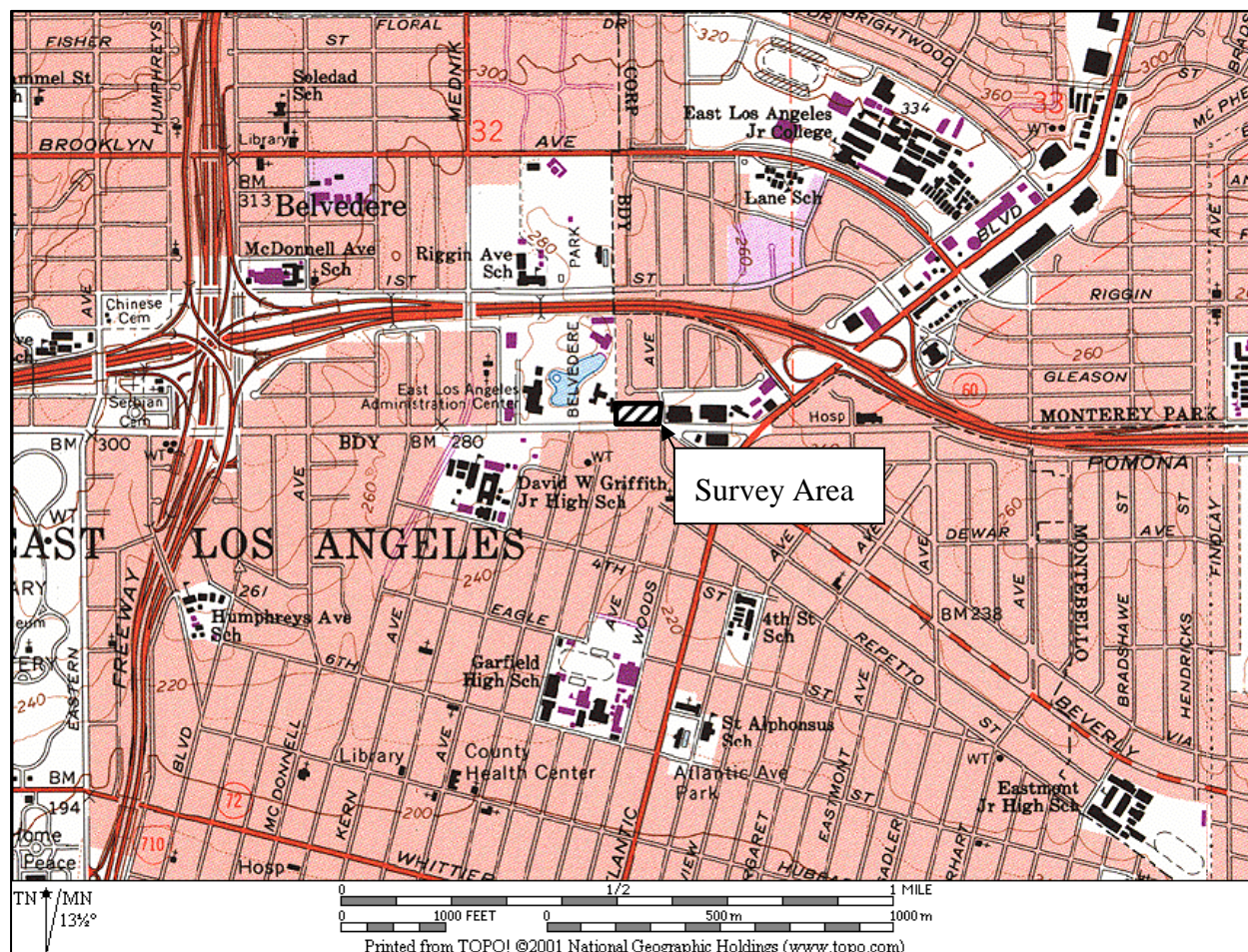


Source: Los Angeles County Assessor -  
<http://assessormap.lacountyassessor.com/mapping/viewer.asp>

**AREA OF POTENTIAL EFFECT**  
Red Cross Mixed Use Construction Project  
5051 E. 3<sup>rd</sup> Street  
East Los Angeles, Los Angeles County

Exhibit 2





Source: USGS 7.5' Los Angeles Quadrangle, 1966, photorevised 1981, minor revisions 1994

**ARCHAEOLOGICAL SURVEY AREA**  
Red Cross Mixed Use Construction Project  
5051 E. 3<sup>rd</sup> Street  
East Los Angeles, Los Angeles County

Exhibit 3



## Mitigation Monitoring and Reporting Program

Mitigation Measure/Condition of Approval	Action Required	When Monitoring to Occur	Monitoring Frequency	Responsible Agency or Party	Compliance Verification		
					Initial	Date	Comments
<b>Historic, Cultural, and Archaeological Resources</b>							
No archaeological resources are known to be on the project site. However, in the event that archaeological resources are unearthed during project construction, all earth disturbing work within the project's archaeological area of potential effect (APE) must be temporarily suspended until a qualified archaeologist has evaluated the nature and significance of the find. A Gabrielino representative should monitor any excavation associated with Native American materials. After the find has been appropriately mitigated, work in the area may resume. If human remains are unearthed, State Health and Safety Code Section 7050.5 requires that no further disturbance shall occur until the County Coroner has made the necessary findings as to origin and disposition pursuant to Public Resources Code Section 5097.98. If the remains are determined to be of Native American descent, the coroner has 24 hours to notify the Native American Heritage Commission.	Field verification during construction	Throughout construction	Periodically during construction	CDC			
<b>Hazardous Materials</b>							
In accordance with the Phase II Environmental Site Assessment for the project site, conducted by Converse Consultants, the following mitigation measures shall be implemented prior to project development: <ul style="list-style-type: none"><li>Concentrations of TPH-G in samples from three borings (GP-4, GP-5 and GP-10) at a depth of 5 feet below ground surface (bgs) were reported in excess of the (Maximum Soil Screening Level) MSSL. These samples, as well as the 5-foot sample from GP-11 and the 10-foot sample from GP-4, were reported to contain various VOCs at concentrations exceeding the respective</li></ul>	Prior to construction	Completion of remedial activities	Once	CDC			

Key: CDC – Los Angeles County Community Development Commission

## Mitigation Monitoring and Reporting Program

Mitigation Measure/Condition of Approval	Action Required	When Monitoring to Occur	Monitoring Frequency	Responsible Agency or Party	Compliance Verification		
					Initial	Date	Comments
<p>PRG-r values. As a result, soil within the vicinity of these boring shall be removed to a depth of 10 bgs.</p> <ul style="list-style-type: none"> <li>The concentration of benzene in the soil sample from boring GP-1 at a depth of 15 feet bgs exceeded the PRG-r. Therefore, the soil within a 10-foot by 10-foot area in the vicinity of boring GP-1 to a depth of 20 feet bgs shall be removed and disposed.</li> <li>All remedial activities shall be overseen by the Los Angeles County Fire Department's (LACFD) Site Mitigation Unit in order to obtain a "closure" or "no further action" letter with regards to contaminants identified in the onsite soil.</li> </ul>							
<b>Noise</b>							
<p>In order to ensure an acceptable interior noise environment at the proposed apartment complex (45 dBA or less), the following shall be included in project design:</p> <ul style="list-style-type: none"> <li>Air conditioning or a mechanical ventilation system shall be provided so that windows and doors may remain closed.</li> <li>Windows and sliding glass doors facing 3rd Street and Woods Avenue shall have a Sound Transmission Class (STC) rating of at least 33, per ANSI specifications.</li> <li>Exterior doors facing 3rd Street and Woods Avenue shall be solid-core with perimeter weather stripping and threshold seals.</li> </ul>	Verification that project design includes noise attenuation features	Prior to construction phase	Once	CDC			

**Key:** CDC – Los Angeles County Community Development Commission

**Mitigation Monitoring and Reporting Program**

Mitigation Measure/Condition of Approval	Action Required	When Monitoring to Occur	Monitoring Frequency	Responsible Agency or Party	Compliance Verification		
					Initial	Date	Comments
<b>Solid Waste Recycling</b>							
Because of ongoing concerns about available landfill capacity, project design shall incorporate space for separate bins for waste and recyclable materials.	Verification that project design include recycling features	Prior to construction phase	Once	CDC			
<b>Water Supply</b>							
Because of ongoing concerns about regional water supplies, the following shall be incorporated into project design: a. Landscaped areas shall be designed with drought-tolerant species, minimizing to 50% areas dedicated to turf. Irrigation shall be accomplished with drip systems. Planting beds shall be heavily mulched in accordance with water-conserving landscape design practice. b. Structures shall be fitted with water conserving fixtures, including, but not limited to, low flow faucets and toilets.	Verification that project design include water conserving features	Prior to construction phase	Once	CDC			
<b>Additional Modifications</b>							
Minor changes to the mitigation measures required as a condition of funding approval are permitted, but can only be made with the approval of the Executive Director of the Community Development Commission of the County of Los Angeles. Any modifications must continue to satisfy the requirements of NEPA and CEQA, as determined by the County.							

**Key:** CDC – Los Angeles County Community Development Commission

**ACQUISITION AND LOAN AGREEMENT**

**HOME PROGRAM - PROJECT NO. HE00XX  
INDUSTRY FUND - PROJECT NO. YY11XX**

by and between the

**COMMUNITY DEVELOPMENT COMMISSION  
OF THE COUNTY OF LOS ANGELES**

a public body corporate and politic,

**WOODS FAMILY HOUSING PARTNERS, L.P.**

a California Limited Partnership

and

**NATIONAL COMMUNITY RENAISSANCE OF CALIFORNIA**

a California Corporation

for acquisition and loans in the principal amounts of

**\$5,505,000 HOME Program**

(\$3,347,875 Acquisition + \$2,157,125 Loan)

**\$2,037,000 City of Industry Program**

\_\_\_\_\_, 2008

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## ACQUISITION AND LOAN AGREEMENT

### Transaction Summary

**Project Name:** 3<sup>rd</sup> & Woods Family Housing Project

**Borrower Name:** Woods Family Housing Partners, L.P.  
☒ Limited Partnership ☐ LLC ☐ Nonprofit Public Benefit Corporation ☐ Other \_\_\_\_\_

**Seller Name:** National Community Renaissance of California

**HOME Loan Amount:** \$ 2,157,125 **Interest Rate:** 3% simple, 10% Default  
**Repayment term:** 55 years. **Repayment type:** Residual Receipts (pro rata share w/ Industry)

**Industry Loan Amount:** \$ 2,037,000 **Interest Rate:** 3% simple, 10% Default  
**Repayment term:** 55 years **Repayment type:** Residual Receipts (pro rata share w/ HOME)

**Use of HOME Loan Funds:** ☐ Acquisition ☒ Construction ☒ Permanent ☐ Collateral Pledge  
☐ Rehabilitation ☐ \_\_\_\_\_

**Use of Industry Loan Funds:** ☐ Acquisition ☒ Construction ☒ Permanent ☐ Collateral Pledge  
☐ Rehabilitation ☐ \_\_\_\_\_

**Location (Jurisdiction):** ☐ Incorporated ☒ Unincorporated - East Los Angeles

**Site Acreage:** 0.917 acres (not including 1,500 sq. ft. parcel west of site)

**Commercial Space:** up to 3,000 square feet

**Project Type:** Rental for  
☐ Seniors \_\_\_\_\_ years and older, ☒ Families MF; ☐ special needs (specify: \_\_\_\_\_)

**Ground Lease - Term:** 55 years **Annual Rent:** \$1

**UNITS: Affordability Term:** 55 years

Household Income Level (% of Area Median Income)	2-BR units	3-BR units	TOTAL UNITS	Total HOME- Assisted Units	Total Industry- Assisted Units
Thirty Percent (30%)	3	3	6	6	6
Forty-Five Percent (45%)	4	5	9	9	9
Fifty Percent (50%)	23	21	44	44	44
Manager's Unit		1	1	0	0
<b>TOTAL</b>	<b>30</b>	<b>30</b>	<b>60</b>	<b>59</b>	<b>59</b>

**Other Project Financing Sources / Priority Relative to Commission Loan:**

*Note: Final funding amounts are subject to change*

*"^" indicates source is not committed*

(1) Private Construction Loan	\$9,358,660	<input checked="" type="checkbox"/> senior <input type="checkbox"/> junior <input type="checkbox"/> parity/NA
(2) Private Permanent Loan	\$3,114,000	<input checked="" type="checkbox"/> senior <input type="checkbox"/> junior <input type="checkbox"/> parity/NA
(3) State HCD TOD Loan^	\$1,546,755	<input type="checkbox"/> senior <input type="checkbox"/> junior <input checked="" type="checkbox"/> parity/NA
(4) State HCD Infrastructure Grant^	\$895,000	<input type="checkbox"/> senior <input type="checkbox"/> junior <input checked="" type="checkbox"/> parity/NA
(5) Deferred Developer Fee	\$515,000	<input type="checkbox"/> senior <input type="checkbox"/> junior <input checked="" type="checkbox"/> parity/NA

*The foregoing Transaction Summary is provided for the convenience of the parties. In case of any conflict, the detailed terms below and/or in the attachments to this Loan Agreement shall control.*

THIS LOAN AGREEMENT ("Agreement") is made as of the \_\_\_\_ day of \_\_\_\_ 2008, by and between the COMMUNITY DEVELOPMENT COMMISSION OF THE COUNTY OF LOS ANGELES, a public body corporate and politic ("Commission"), WOODS FAMILY HOUSING PARTNERSHIP, L.P., a California Limited Partnership (listed in the Transaction Summary above) ("Borrower") and National Community Renaissance of California ("Seller"). Commission, Borrower and Seller are sometimes referred to collectively herein as the "Parties" and each individually as a "Party".

## RECITALS

A. WHEREAS, National Community Renaissance of California ("Seller"), a California Corporation and the parent company of Borrower, currently owns the site, commonly known as 5051 East 3<sup>rd</sup> Street, Unincorporated East Los Angeles (the "Site"), legally described in EXHIBIT B to this Agreement, and the Commission desires to purchase the Site using HOME funds in the amount of Three Million Three Hundred, Forty-Seven Thousand, Eight Hundred Seventy-Five Dollars (\$3,347,875) and provide the Borrower with a long-term ground lease ("Ground Lease"), substantially in the form attached to this Agreement (EXHIBIT H), for purposes of developing and operating affordable housing in unincorporated Los Angeles County.

B. WHEREAS, Borrower desires to borrow the principal amount of Two Million One Hundred Fifty-Seven Thousand, One Hundred Twenty-Five Dollars (\$2,157,125) (the "HOME Loan") from the Commission for the purpose of providing predevelopment, construction and permanent financing in connection with the housing development ("Project") described in the Transaction Summary above, and as more particularly described in this Agreement. The Commission's source of funding for the HOME Loan is provided from the HOME Investment Partnerships Program, 24 CFR Part 92 ("HOME Funds"). The Project will be developed on a Site.

C. WHEREAS, Borrower desires to borrow the principal amount of Two Million, Thirty-Seven Thousand Dollars (\$2,037,000) (the "Industry Loan") from the Commission for the purpose of providing construction and permanent financing in connection with the Project. The Commission's source of funding for the Industry Loan is housing set-aside funds from the Industry Urban Development Agency pursuant to Cal. Health & Safety Code §33334.2 *et seq.* and Cal. Gov. Code §65584.3 ("Industry Funds"). The HOME Loan and the Industry Loan are referred to collectively herein as the "Loans".

D. WHEREAS, both the Industry Funds and the HOME Funds will be administered by the Commission in accordance with authorization granted by the Board of Supervisors of the County of Los Angeles and the Board of Commissioners of the Commission on December 20, 2005; and

E. WHEREAS, other sources of financing for the Project are anticipated to include, but may not be limited to (i) senior lien financing listed in the Transaction Summary above ("Senior Financing"), to which the Commission shall expressly subordinate the liens of the Commission's Deeds of Trust; (ii) financing junior in priority to the lien of the Commission's Deeds of Trust as listed in the Transaction Summary above ("Junior Financing"); and (iii) other financing sources listed in the Transaction Summary above ("Other Financing").



F. WHEREAS, development and operation of the Project on the terms and conditions provided in this Agreement will provide affordable housing opportunities for persons of low or very low income as described in the Transaction Summary above. If applicable, the Project will provide supportive services to the extent described in Section 10 below and in EXHIBIT R.

G. WHEREAS, as more particularly provided below, Borrower will deliver to the Commission, among other items, the Deeds of Trust, Notes, and the CC&R's (as those terms are defined below) to, respectively, secure repayment of the Loans by Borrower as provided herein and to ensure that the affordability and habitability of the Project is maintained in accordance with the terms of those instruments and this Agreement.

H. WHEREAS, the Commission desires to make the Loans to Borrower, on the terms and conditions set forth herein.

NOW, THEREFORE, the Parties agree as follows:

## **LOAN AGREEMENT**

### **1. SUBJECT OF AGREEMENT.**

#### Purpose of Agreement.

The purpose of this Agreement is to accomplish the Commission's goal of developing affordable housing in the unincorporated East Los Angeles Community by providing HOME Funds and Industry Funds for the development of the Project.

Pursuant to this Agreement, Seller will convey the Site to the Commission, the Commission will lease the Site to the Borrower, according to the terms of the Ground Lease, and the Borrower will develop, construct and operate the Project. In addition, the Commission agrees, subject to the terms and conditions of this Agreement and in consideration of the representations, covenants and obligations of Borrower contained in this Agreement, to make the Loans to Borrower, to be used solely for the purposes described herein.

#### **1.2 Project Description.**

The Project consists of the development of a mixed-use apartment building with affordable family-sized units combined with Commercial Space (as defined below) in unincorporated East Los Angeles. The Site was initially purchased by Seller for the purposes of developing and owning long-term affordable family rental housing. The Site was purchased with an existing building in-place, which Borrower will demolish and subsequently construct an affordable apartment building of up to sixty (60) units to be owned and operated by the Borrower. The Project will also include up to three thousand (3,000) square feet of commercial space for a use to be determined at a later date, subject to approval by the Commission ("Commercial Space").

As part of this Agreement, the Commission will purchase the Site in Escrow and concurrently execute a Ground Lease with the Borrower for the Borrower to have full site control and responsibility for the development of the Project as described herein.

Seller will also acquire an additional parcel of land, approximately 1,500 square feet in size, located west of the Site and owned by the County of Los Angeles ("County.") This parcel, when acquired, will be conveyed to the Commission as outlined in Section 3 herein.

In addition, Borrower and the alley-adjacent property owners may reach an agreement to vacate the alley on the north side of the Site. If the alley vacation is successful, reciprocal easements and maintenance agreements will be executed between Borrower, alley-adjacent property owners and the Commission. The Borrower will be responsible for all aspects of the vacation process and ensure that the addition of land, which will result from a successful alley vacation process, will also be conveyed to the Commission. Further, the Borrower shall be responsible for all ongoing maintenance of the alley as long as the Ground Lease is in effect.

The western parcel referred to above, along with any land resulting from the alley vacation shall be referred to, collectively, as the "Site Additions" and are further discussed in Section 3 herein.

The Borrower agrees to expend its best efforts to obtain a vertical lot line adjustment (subdivision) for purposes of creating legal separation of the residential and Commercial Space.

The Project is being developed in proximity to public transit, and is located in an area that has been designated eligible for housing set-aside funds from the Los Angeles County Maravilla Redevelopment Area. Further, it is anticipated that this geographic area will be designated as a Transit Oriented District. The Borrower agrees to cooperate with the Commission to coordinate between State and local agencies in these efforts.

### 1.3 Purpose of Loans.

The HOME Loan shall be used for

- (a) predevelopment financing in the amount of Two Hundred and Fifty Thousand Dollars (\$250,000), and
- (b) construction financing in the amount of One Million Nine Hundred Seven Thousand, One Hundred and Twenty-Five Dollars (\$1,907,125)

The Industry Loan shall be used for construction and permanent financing in the total amount of Two Million Thirty-Seven Thousand Dollars (\$2,037,000).

HOME and Industry Funds used for construction financing are collectively called "Construction Funds".

Further, the proceeds of the Loans shall be used by Borrower only to provide financing for the Project. In no event shall Borrower use or otherwise invest the proceeds of the Loans except as expressly provided in this Agreement.

The Loans shall be considered permanent financing at such time when Completion of the Project has been achieved, subject to the Commission's review and approval, as defined in Section 11.12 below.

## 2. TITLE CONVEYANCE TO COMMISSION AND GROUND LEASE.

### 2.1 Agreement to Sell, Purchase and Ground Lease Site.

Seller agrees, on or before the Close of Escrow, to sell and convey fee title to the Site to the Commission, in accordance with and subject to all the terms, covenants, and conditions of this Agreement, and the Commission agrees to accept title to the Site from Seller and to lease-back the Site to the Borrower in accordance with and subject to all the terms, covenants, and conditions of this Agreement and the Ground Lease, and Borrower agrees to

lease the Site from the Commission in accordance with and subject to all the terms, amendments and conditions of the Agreement and the Ground Lease.

2.2 Purchase Price.

Commission agrees to pay as the purchase price for the Property (the "Purchase Price") the sum of Three Million Three Hundred, Forty-Seven Thousand, Eight Hundred Seventy-Five Dollars (\$3,347,875).

2.3 Escrow.

Seller and Commission agree to open an Escrow with the Escrow Holder, for Title Conveyance and the lease-back to Borrower, as defined in Section 8 herein.

2.4 Title Conveyance and Form of Deed.

Subject to any mutually agreed upon extension of time, Seller shall convey title to the Site to the Commission, on or before Close of Escrow, (so long as all conditions precedent have been satisfied), or such later date mutually agreed to in writing by the Commission and Seller and communicated in writing to the Escrow Holder.

Seller shall convey to the Commission title to the Site in the condition provided in Section 2.6 of this Agreement by a grant deed ("Grant Deed") in a form to be mutually agreed upon by the Commission and Seller ("Title Conveyance").

2.5 Ground Lease.

Concurrently with Title Conveyance, the Commission agrees to lease the Property to the Borrower in the condition provided in Section 2.6 of this Agreement, according to the terms of this Agreement and the Ground Lease.

2.6 Condition of Title.

Borrower shall convey to the Commission fee simple marketable title to the Site free and clear of all liens (including, without limitation, any deed of trust recorded for financing purposes and any mechanics liens), encumbrances, assessments, easements, leases and taxes, except those which are approved by the Commission and the Borrower, and the Commission agrees to lease-back the Site in the same condition of title, subject to the terms of the Ground Lease and the recorded Memorandum of Lease. Deeds of trust for construction financing may be recorded against Borrower's leasehold interest following Close of Escrow, vesting of fee title in the Commission and recordation of the Memorandum of Lease.

3. CONVEYANCE OF SITE ADDITIONS.

Borrower agrees to convey any Site Additions to the Commission concurrently with Borrower's acquisition of the Site Additions, and agrees to amend the Ground Lease to reflect the Site Additions. These amendments shall not otherwise change the length or terms of the Ground Lease, with the exception that the Borrower shall include a "Maintenance Agreement" for the alley, if required by the Commission. This Maintenance Agreement shall be approved by the Commission. Borrower shall convey to the Commission fee simple marketable title to the Site Additions.

4. LOANS.

Unless otherwise specified, the terms and conditions of the Loans are the same.

4.1. Promissory Notes.

As one of the conditions to disbursement of the Loans to Borrower under Section 8 below, Borrower shall execute a HOME Promissory Note (the "HOME Note") and an Industry Promissory Note (the "Industry Note"), collectively referred to as the "Notes", in the form of EXHIBIT C and EXHIBIT D attached hereto, which Notes set forth terms and conditions for the repayment of the Loans. The Notes shall be secured by the Deeds of Trust.

4.2. Basic Interest.

The disbursed and unpaid principal balance of the Loan shall bear interest commencing on the date on which such Loan proceeds are first disbursed for the account of Borrower as provided herein, and ending on the date paid, at the rate of three percent (3%) per annum, simple interest ("Basic Rate"). Interest shall be computed on the basis of actual number of days elapsed and a three hundred sixty- (360-) day year. Notwithstanding the foregoing, and without limiting any other remedy of the Commission, amounts not paid by Borrower when due shall bear interest from the date due to the date paid at the rate of ten percent (10%) per annum ("Default Rate").

4.3. Payment Dates and Amounts.

As set forth in greater detail in the Notes, Borrower shall repay the Loans, together with accrued interest at the Basic Rate in arrears, in annual installments on the 15<sup>th</sup> day of March of each calendar year for the previous calendar year, commencing on March 15, 2011. Absent prepayment or acceleration, each of the annual payments due March 15, 2011 through and including March 15, 2065 ("Maturity Date") shall be in an amount equal to thirty seven percent (37%) of Residual Receipts (as defined in the Notes) for the prior calendar year. The Commission's Thirty-Seven percent (37%) share of Residual Receipts shall be allocated as follows: Nineteen percent (19%) to the HOME Loan and Eighteen percent (18%) to the Industry Loan. (The balance of the Residual Receipts shall be allocated as follows: fifty percent (50%) to the Borrower and thirteen percent (13%) to the State HCD TOD Loan. Residual Receipts shall be calculated and reported to the Commission annually for each calendar year no later than March 15<sup>th</sup> of the following calendar year on forms specified and provided by the Commission from time to time. All calculations and records are subject to audit by the Commission. Notwithstanding any other provision of the Notes or this Agreement, unless due sooner, the entire outstanding principal balance of the Loans together with any outstanding interest and any other sums payable under the Notes shall be due and payable in full on the Maturity Date.

[The term of this Agreement (the "Term") shall be from the date of this Agreement through and including the Maturity Date; provided, however, Sections 11, 12, and 13 shall extend beyond the Term as provided in those sections.

4.4. Payments Due on Transfer or Refinance.

In addition to the payments provided in Section 4.3 above, and subject to the terms of the Senior Financing, Borrower shall pay to the Commission towards (but not to exceed) any outstanding amounts associated with the Loans, the "Applicable Percentage" of "Net Proceeds" of an "Assignment"; and fifty percent (50%) of "Net Refinancing Proceeds" received from a "Refinancing", as such terms are defined in the Notes.

5. ACCELERATION.

Notwithstanding the payment terms set forth in Section 4 above, upon the occurrence of any Event of Default as set forth in Section 17 below, the entire outstanding principal balance of the Notes, together with any outstanding interest and other amounts payable thereunder, shall, at the election of the Commission and upon notice to Borrower thereof, become immediately due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby waived by Borrower.

6. PREPAYMENT: APPLICATION OF PAYMENTS.

At any time after the disbursement of the proceeds of the Loans, Borrower may prepay all or a portion of the unpaid principal amount of the Loans and accrued interest and any other sums outstanding without penalty.

Borrower hereby agrees and understands that the prepayment of the Notes shall not relieve Borrower of the duty to comply with the covenants described in Sections 11, 12, and 13 herein, and such obligations and covenants shall remain in full force and effect pursuant to their terms. All payments, including any prepayments or funds received upon acceleration pursuant to Section 3 above, shall be applied first toward any outstanding costs of collection or other amounts (excluding Loan principal or interest thereon) due under the Notes or this Agreement, then toward outstanding interest accrued at the "Default Rate" of ten percent (10%) per annum (simple interest), if any, then toward outstanding interest accrued at the Basic Rate, if any, and finally toward the remaining principal balance under the Notes.

7. SECURITY AND SOURCE OF PAYMENT.

Borrower's obligation to repay the Loans and any associated interest and other amounts payable under this Agreement or the Notes shall, at all times during which any amount remains outstanding, be secured by the leasehold deeds of trust ("Deeds of Trust"), in the form of EXHIBIT E and EXHIBIT F attached hereto, recorded against Borrower's interest in the Site and the Project (collectively, the "Property"). The security interest in the Property granted to the Commission pursuant to the Deeds of Trust shall be subordinate only to the Senior Financing and such exceptions to title shown in the title report for the Property which are approved in writing by the Commission.

Except to the extent any Event of Default hereunder results directly or indirectly from any willful misconduct, fraud or intentional and misrepresentation by Borrower in connection with this Agreement or the Loans, the Loans are a nonrecourse obligation of Borrower and in the event of the occurrence of an Event of Default, the Commission's only recourse under the Deeds of Trust shall be against the Property, the proceeds thereof, the rents and other income arising from its use and occupancy as provided in the Deeds of Trust, and any other collateral given to the Commission as security for repayment of the Loans such that neither Borrower nor any partner of Borrower shall have personal liability for repayment of the Loans.

8. ESCROW; CONDITIONS TO TITLE CONVEYANCE AND DISBURSEMENT OF LOANS.

8.1 Except to the extent the Commission's Executive Director, or his or her designees, directs in writing that some or all of the disbursement and/or deliveries shall occur outside of Escrow, all requirements under Section 2 of this Agreement, including Title

Conveyance, Ground Lease execution, payment of the Purchase Price; delivery of the executed Notes to the Commission; recordation of the Loan Documents (as defined in Section 8.3(i) below) to be recorded, shall be carried out through an escrow account ("Escrow") to be established by the Parties with a title or escrow company ("Escrow Holder") specifically approved in writing for this transaction by the Commission. Borrower shall obtain the Commission's approval of an Escrow Holder and open Escrow not later than ninety (90) days following execution of this Agreement. The Parties may execute supplemental instructions to Escrow Holder consistent with the terms of this Agreement, but in the event of a conflict between the terms of this Agreement and any supplemental escrow instructions, the terms of this Agreement shall control. Except as otherwise expressly provided herein, any fees and costs incurred by Escrow Holder in the performance of its duties hereunder and agreed to be paid by the Parties shall be paid exclusively by Borrower.

8.2 The obligation of the Commission to purchase the Property and make disbursements of proceeds of the Loans under this Agreement shall be expressly subject to satisfaction of all of the following conditions (collectively, the "Closing Conditions") on or before the date ("Closing Deadline") which is one hundred eighty (180) days following the date of this Agreement.

(a) Execution of the Grant Deed, in the form outlined in Section 2.4 above, by Seller and delivery to Escrow Holder;

(b) Execution of the Ground Lease by the Commission and Borrower and delivery of a fully executed copy to the Escrow Holder;

(c) Execution of a memorandum of the Ground Lease, in a recordable form, to provide, when recorded, constructive notice of the Ground Lease ("Memorandum of Lease"), by the Commission and Borrower and delivery to the Escrow Holder;

(d) Execution of this Agreement by the Commission, Borrower and Seller and delivery of a fully-executed copy to Escrow Holder;

(e) Borrower's due execution and deposit into Escrow of the Notes;

(f) Borrower's due execution (with notary acknowledgment) and deposit into Escrow of the covenants, conditions and restrictions ("CC&R's") in the form attached hereto as EXHIBIT G;

(g) Borrower's due execution (with notary acknowledgment) and deposit into Escrow of the Deeds of Trust;

(h) Approval by the Commission, Borrower and Seller of a closing statement of costs prepared by the Escrow Holder ("Closing Statement");

(i) Receipt by the Commission from Borrower and Seller of such other documents, certifications and authorizations as are reasonably required by the Commission, in form and substance satisfactory to the Commission, evidencing that (i) this Agreement, the Notes, the Deeds of Trust, the CC&R's and all other documents given or executed in connection herewith (collectively with this Agreement, the Notes, the Deeds of Trust and the CC&Rs, the "Loan Documents") are duly and validly executed by Borrower and, where applicable, Seller and constitute the valid and enforceable obligation of Borrower and, where applicable, Seller

pursuant to the respective terms, and (ii) the execution and delivery of the Loan Documents, and the performances thereunder by Borrower and, where applicable, Seller, will not breach or violate any law applicable or governmental regulation to which Borrower and, where applicable, Seller is subject nor constitute a breach of or default under any instrument or agreement to which Borrower and Seller may be a party;

(j) First American Title, North American Title, Chicago Title, Stewart Title, Land America Title Company or another title company approved by the Commission ("Title Company") shall have assured the Commission in writing that upon recordation of the Deeds of Trust there will be provided to the Commission, at Borrower's sole expense, an ALTA Loan Extended Coverage Policy, with customary endorsements, including but not limited to Nos. 100, 103.7, 110.9, 116 and such other endorsements as the Commission shall reasonably require, issued by the Title Insurance Company in the amount of the Loans, insuring the Commission's leasehold interest in the Property as beneficiary under the Deeds of Trust, and specifically insuring that the lien of the Deeds of Trust and the CC&R's against the Property are subject only to the Senior Financing and any exceptions to title applicable to the Property which were expressly approved in writing by the Commission (collectively with the Senior Financing, "Permitted Senior Encumbrances"). Due to the Commission's leasehold interest in the Property, endorsement No. 119.6 shall also be required;

(k) Borrower, the Commission, and any lender, creditor or lienholder with respect to the Junior Financing and Other Financing which is of record in the Los Angeles County Recorder's office (if applicable) have each duly executed (with notary acknowledgment) and deposited into Escrow for recordation at the Close of Escrow a subordination agreement ("Subordination Agreement") in the form attached hereto as EXHIBIT Q, confirming the senior lien priority of the Commission's Deeds of Trust;

(l) No Event of Default shall exist under this Agreement or under any agreement or instrument relating to the Senior Financing, Other Financing, or Junior Financing, and Borrower has demonstrated to the satisfaction of the Commission Executive Director (or his designee) that all financing sources for rehabilitation and operation of the Project, including but not limited to Borrower's equity, are or will be available in sufficient amounts to provide for full and timely completion and ongoing operation of the Project;

(m) Borrower shall have commenced or be ready to commence Project construction, and shall have furnished the Commission with copies of (A) a contract for the Project development ("Construction Contract") entered into with a general contractor ("General Contractor") previously approved in writing by the Commission; (B) a payment bond with respect to the Project posted by the General Contractor which is in the amount of the contract price identified in the Construction Contract, is issued by a surety reasonably acceptable to the Commission, is in form and content reasonably approved by the Commission, has been recorded in the Official Records of Los Angeles, and names the Commission as an additional obligee; (C) a performance bond for one hundred percent (100%) of the contract price, guaranteeing the completion of the Project development which is in form and content reasonably approved by the Commission, is issued by a surety reasonably acceptable to the Commission, and names the Commission as an additional obligee; (D) shall have completed the Commission's Design Review Process in accordance with EXHIBIT S, entitled "Design Guidelines"; and (E) any other plans, documents and approvals by the Commission required under EXHIBIT P to this Agreement, entitled "Construction Requirements". Not as a Closing Condition, but as a covenant of Borrower, Borrower shall cause the Project construction work to commence promptly, proceed diligently, and be fully completed as represented in Borrower's

approved funding application to the Commission, free of mechanics liens, and with a certificate of occupancy from the applicable jurisdiction issued no later than [18] months following the Close of Escrow;

(n) Borrower shall have furnished the Commission and obtained the Commission's approval of all soils, geologic reports and other development related reports existing with respect to the Site. Borrower hereby acknowledges that the Commission's review and approval of such reports and of any other contract, document or other matter under this Agreement is solely for the benefit of the Commission, and should not be relied upon as any assurance or warranty of the correctness, adequacy or appropriateness of any such matter;

(o) Borrower shall have provided the Commission with documentation satisfactory to the Commission that all environmental mitigation measures stipulated to ensure the Project's compliance with the National Environmental Protection Act (NEPA) and/or the California Environmental Quality Act (CEQA) have been completed;

(p) Borrower and Seller shall have obtained the Commission's written approval of supplemental instruction to Escrow Holder specifying the applicable payees and uses of the Purchase Price proceeds when disbursed by Escrow Holder for the account of Borrower pursuant to this Agreement;

(q) Borrower shall have furnished the Commission with a certification from the holders of any of the Senior Financing certifying that such holders consent to the Loans and that Borrower is not in default under any loan comprised within the Senior Financing;

(r) Borrower shall have furnished the Commission with evidence satisfactory to the Commission evidencing the insurance coverages required by Section 11.10 below;

(s) Borrower shall have provided to the Commission, in form satisfactory to the Commission, certified copies of (i) Borrower's governing partnership agreement, operating agreement, or articles and bylaws, together with a certification by the managing member, managing general partner, or president that such agreement or articles and bylaws has not been amended or modified except as described in the certification, (ii) a good standing certificate from the California Secretary of State, certifying that Borrower is duly qualified and in good standing, and (iii) all other documents necessary to evidence to the Commission's satisfaction that the individuals and entities executing this Agreement and the Loan Documents, and other entities on whose behalf such documents are executed, are fully authorized to do so and to bind the respective entities, including Borrower, to the terms hereof and thereof; and

(t) Borrower shall have furnished and obtained the Commission's approval of an operating budget and a Management Plan for the Project. The Management Plan shall include a preliminary Operating Budget in a format mandated by the Commission, approved by the Commission at its sole discretion. In the event the preliminary Operating Budget is proposed for revision, any such revision must be submitted to the Commission no later than ninety (90) days prior to occupancy of the Project and shall be approved by the Commission at its sole discretion.

8.3 When, and only when, Escrow Holder has confirmed that Closing Conditions (a) through (h) and (k) of Section 8.2 above have been satisfied, and has received written certification from the Commission's Executive Director that all other Closing Conditions have been timely satisfied or waived, then Escrow Holder shall carry out the close of Escrow ("Close



of Escrow") by:

(i) causing the Grant Deed, Memorandum of Lease, Deeds of Trust, CC&R's and the executed Subordination Agreements (if any) to be recorded in the Official Records of Los Angeles County, California;

(ii) disbursing Purchase Price proceeds to Seller per the Closing Statement;

(iii) delivering the executed original Grant Deed and Notes to the Commission;

(iv) causing the Title Policy to be issued to the Commission in the form and amount specified above; and

(v) promptly following recordation, delivering conformed copies of the recorded documents to the Commission and Borrower.

8.4 The Close of Escrow shall not occur prior to satisfaction of all conditions precedent to the closings for the Senior Financing and the Junior Financing. Notwithstanding any other provision, Escrow Holder shall disburse proceeds of the Loans prior to the closings for the Senior Financing and the Junior Financing only if expressly directed by written instructions from the Commission.

8.5 Time is of the essence with respect to the rights and obligations of the Parties under this Agreement and if the Close of Escrow does not occur prior to the Closing Deadline, then the Escrow shall terminate, and Escrow Holder shall promptly return all funds and documents to the Party depositing them.

9. CONDITIONS TO FUNDING CONSTRUCTION FUNDS.

Funding of Construction Funds, shall be governed by the provisions outlined in EXHIBIT P, Construction Requirements.

10. SUPPORTIVE SERVICES.

As an additional condition of Title Conveyance and to obtaining the Loans, Borrower agrees to provide, throughout the Term, services as referenced in the approved Loan Application and its amendments, as set forth in the form attached hereto as EXHIBIT R. Further, Borrower shall demonstrate to the Commission's reasonable satisfaction the availability of resources and Borrower's commitment to provide funding for these supportive services in an annual amount equal to or greater than that represented in the approved Loan Application.

As more particularly provided therein, EXHIBIT R sets forth Borrower's obligation to provide supportive services for residents of the Project. Failure to comply with the terms of EXHIBIT R prior to expiration of any applicable notice and cure period will be deemed to be a default under this Agreement.

11. COVENANTS OF BORROWER.

As additional consideration for Title Conveyance, as described in Section 2 of this Agreement, and to obtaining the Loans for the making of the Loans by the Commission, Borrower covenants as follows:

**11.1 Compliance with Laws.**

Borrower shall comply with all Applicable Governmental Restrictions. As used herein, "Applicable Governmental Restrictions" shall mean and include any and all laws, statutes, ordinances, codes, rules, regulations, directives, writs, injunctions, orders, decrees, rulings, conditions of approval, or authorizations, now in force or which may hereafter be in force, of any governmental entity, agency or political subdivision as they pertain to the performance of this Agreement or development or operation of the Project, including specifically but without limitation all code and other requirements of the jurisdiction in which the Project is located; the National Environmental Policy Act of 1969, as amended; the laws specified in Section 14, below; fair housing laws, prevailing wage laws (e.g. California Labor Code Section 1720 et seq., and Davis-Bacon Act 40 U.S.C. 276a), and any other applicable federal, state and local law. Borrower shall indemnify, defend and hold the Commission harmless for any suit, cost, attorneys' fees, claim, administrative proceeding, damage, wage award, fine, penalty or liability arising out of or relating to Borrower's failure to comply with any Applicable Governmental Restrictions, including, without limitation, the nonpayment of any prevailing wages required to be paid, failure to maintain wage records, failure to post prevailing wage schedules, or other acts or omissions, regardless of whether they are the responsibility of the contractor or the party awarding the contract. Borrower is solely responsible for determining the applicability of laws, and should not rely on statements by the Commission.

**11.2 Revenue Disclosures.**

Borrower shall make available for inspection and audit to the Commission's representatives, upon seventy-two (72) hours written request from time to time during the Term at Borrower's offices, or, if requested by the Commission, at another location within Los Angeles County, all of the books and records relating to the operation of the Project and this Agreement. All such books and records shall be maintained by Borrower until the end of the Term; provided that in the event any litigation, claim or audit is started before the expiration of the Term, said books and records shall be retained until all litigation, claims, or audit findings involving said books and records shall have been resolved.

**11.3 Other Reports.**

Upon seventy-two (72) hours written notice, at any time during the Term, Borrower shall prepare and submit to the Commission, any financial, program progress, monitoring, evaluation or other reports including but not limited to, documents related to construction, reasonably required by the Commission or its representatives as they relate to the Project or this Agreement; provided, however, if such requested reports are not capable of being prepared and submitted to the Commission within such 72-hour period, then within a reasonable time thereafter. Borrower will ensure that its employees, agents, officers, and board members furnish such information, which in the reasonable judgment of Commission representatives, may be relevant to a question of compliance with this Agreement, CC&Rs, or the Deeds of Trust. Borrower shall retain all existing records and data relating to the Project until expiration of the Term. In the event any litigation, claims or audit is started during the Term, said books and records shall be retained until all litigation, claims or audit findings involving said books and records have been resolved.

**11.4 Single-Asset Audit.**

Borrower will be required to submit in a timely manner, a single-asset audit on a yearly basis during the Term of the Agreement. Audits are to be prepared by an Independent Certified Public Account and to be conducted in accordance with Generally Accepted Auditing Standards. The Single Asset Audits are completed to cover a 12-month period.

**11.5 Financial Statements: Tax Returns.**

Borrower shall deliver to the Commission within one hundred twenty (120) days after the end of each fiscal year of Borrower occurring during the term of the Loans, a copy of its federal tax return and a financial statement for such preceding fiscal year. In addition, concurrent with Borrower's payment of the annual Residual Receipts installment payable to the Commission on each April 15th in accordance with Section 4.3 above, Borrower shall deliver to the Commission, on forms prepared and provided by the Commission from time to time, a statement certified by Borrower's accountant (the "Annual Statement"), separately setting forth (i) the aggregate Gross Rents (as defined in the Notes) received during the previous calendar year, and (ii) the aggregate Operating Expenses (as defined in the Notes) expended during the previous calendar year.

A copy of the annual financial statements of Borrower required by HUD shall be furnished to the Commission and shall satisfy the forgoing requirement of this section.

**11.6 Indemnification.**

Borrower agrees to indemnify, defend and hold harmless the Commission, the Housing Authority of the County of Los Angeles, the County, and each of their elected and appointed officers, officials, representatives, employees, and agents (hereinafter collectively referred to as "Public Agencies") from and against any and all liability, demands, damages, claims, causes of action, fees (including reasonable attorney's fees and costs and expert witness fees), and expenses, including, but not limited to, claims for bodily injury, property damage, and death (hereinafter collectively referred to as "Claims"), that arise out of, pertain to, or relate to the acts, errors, or omissions of Borrower, its employees, consultants, and agents. Borrower shall not be required to indemnify Public Agencies for Claims caused by the sole negligence or willful misconduct of Public Agencies. This indemnification clause shall remain in force and effect following the expiration of the term of this Agreement.

In the event that Borrower contracts with another entity for construction services (hereinafter "Construction Entity") to be provided in relation to the Project, Borrower agrees that the following language shall be incorporated in its contract with Construction Entity in favor of Public Agencies: Construction Entity agrees to indemnify, defend and hold harmless Public Agencies from and against any and all liability, demands, damages, claims, causes of action, fees (including reasonable attorney's fees and costs and expert witness fees), and expenses, including, but not limited to, claims for bodily injury, property damage, and death (hereinafter collectively referred to as "Claims"), that arise out of, pertain to, or relate to the Borrower-Construction Entity contract, the services and/or materials provided by Construction Entity, the Property, or Project. Construction Entity shall not be required to indemnify, defend, and hold harmless Public Agencies from any Claims that arise from the active negligence, sole negligence or willful misconduct of Public Agencies, Public Agencies' agents, servants, or independent contractors who are directly responsible to Public Agencies. This indemnification clause shall remain in full force and effect following the expiration of the term of this Borrower-Construction Entity contract.

In the event that Borrower contracts with another entity for design professional services (hereinafter "Design Professional") to be provided in relation to the Project, Borrower agrees that the following language shall be incorporated in its contract with Design Professional in favor of Public Agencies: Design Professional agrees to indemnify, defend and hold harmless Public Agencies from and against any and all liability, demands, damages, claims, causes of action, fees (including reasonable attorney's fees and costs and expert witness fees), and expenses, including, but not limited to, claims for bodily injury, property damage, and death (hereinafter collectively referred to as "Claims"), that arise out of, pertain to, or relate to the negligence, recklessness, or willful misconduct of Design Professional. This indemnification clause shall remain in full force and effect following the expiration of the term of this Borrower-Design Professional contract.

**11.7 Audit by State and Federal Agencies.**

In the event this Agreement or the Loans are subjected to audit, monitoring or other inspections by appropriate state and federal agencies, Borrower shall comply with such inspections and pay on behalf of itself and the Commission the full amount of the cost to the inspecting agency which results from such inspections, if any unless such inspection and any resulting liability arises solely from the gross negligence or willful misconduct of the Commission.

**11.8 Program Evaluation and Review.**

Borrower shall allow the Commission authorized personnel to inspect and monitor its facilities and program operations as they relate to the Project or this Agreement, including the interview of Borrower's staff, Borrowers, and other program participants, as reasonably required by the Commission during the Term.

**11.9 Hazardous Materials.**

Borrower represents and warrants that it has not deposited Hazardous Materials (as defined below) in, on or upon the Site and Borrower covenants that it shall not deposit or permit the deposit of Hazardous Materials in, on or upon the Site or the Project. Borrower further covenants to remove or remediate, at its expense (subject to any reimbursement it may be able to obtain from third parties) any Hazardous Materials located in, on or upon the Site or the Project as of the date hereof or which are deposited in, on or upon the Site or the Project from and after the date hereof and during Borrower's ownership of the Site or the Project, including any asbestos, lead-based paint and any other Hazardous Materials located in the Project, to the extent required by and in accordance with the requirements of all Applicable Governmental Restrictions, including, without limitation, all applicable environmental laws. The foregoing shall not be construed or understood to prohibit Borrower from allowing Hazardous Materials to be brought upon the Project so long as they are materials which are customary to the normal course of business in the operation of a well-designed housing facility and so long as such materials are used, stored and disposed of in accordance with all Applicable Governmental Restrictions. Except with respect to any claims solely caused by the Commission, Borrower shall indemnify, defend and hold the Commission and its members, directors, agents, officers and employees harmless from and against any Claims arising directly or indirectly out of the presence of Hazardous Materials in, on or upon the Site or the Project, existing as of the date hereof or deposited (or claimed to have been deposited) in, on or upon the Site or the Project from and after the date hereof and during Borrower's ownership of the Site or the Project, including without limitation any Claims arising out of any deposits of Hazardous Materials described in (i) and (ii) hereinabove or out of Borrower's failure to remove or remediate all such Hazardous Materials in, on or upon the Site and the Project, as required above. Except with respect to any claims solely caused by the Commission, Borrower hereby

releases and forever discharges the Commission and its agents, officials and representatives from all present and future claims, demands, suits, legal and administrative proceedings and from all losses and liabilities arising out of or in any way connected with Borrower's ownership of the Site, operation of the Project, or any condition of environmental contamination in, on, under, upon or around the Site, or the existence of Hazardous Materials in any state in, on, under, upon or around the Site, and in connection with such release and waiver Borrower is familiar with and hereby waives the provisions of Section 1542 of the California Civil Code which provides as follows: "A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR."

For purposes of this Agreement, the term "Hazardous Materials" means, without limitation, gasoline, petroleum products, explosives, radioactive materials, hazardous materials, hazardous wastes, hazardous or toxic substances, polychlorinated biphenyls or related or similar materials, asbestos or any other substance or material as may now or hereafter be defined as a hazardous or toxic substance by any federal, state or local environmental law, ordinance, rule or regulation, including, without limitation, (i) the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended by the Superfund Amendments and Reauthorization Act (42 U.S.C. Section 9601 et seq.), (ii) the Federal Water Pollution Control Act (33 U.S.C. Section 1251 et seq.), (iii) the Clean Air Act (42 U.S.C. Section 7401 et seq.), (iv) the Resource Conservation and Recovery Act, as amended by the Hazardous and Solid Waste Amendments of 1984 (42 U.S.C. Section 6902 et seq.), (v) the Toxic Substances Control Act (15 U.S.C. Section 2601-2629), (vi) the Hazardous Materials Transportation Act (49 U.S.C. Section 5101 et seq.), (vii) the Carpenter-Presley-Tanner Hazardous Substance Account Act (CA Health & Safety Code Section 25300 et seq.), (viii) the Hazardous Waste Control Law (CA Health & Safety Code Section 25100, et seq.), (ix) the Porter-Cologne Water Quality Control Act (CA Water Code Section 13000 et seq.), (x) the Safe Drinking Water and Toxic Enforcement Act of 1986, (xi) the Hazardous Materials Release Response Plans and Inventory (CA Health & Safety Code Section 25500 et seq.), (xii) the Air Resources Law (CA Health & Safety Code Section 39000 et seq.), or (xiii) in any of the regulations adopted and publications promulgated pursuant to the foregoing.

In the event that archeological resources are exposed during Project construction, all earth disturbing work within the Site must be temporarily suspended or redirected until a professional archaeologist has evaluated the nature and significance of the find. After the find has been appropriately mitigated, work in the area may resume.

#### 11.10 Insurance.

Without limiting Borrower's indemnifications of the Commission provided in this Agreement, Borrower shall procure and maintain at its own expense the insurance described in this section for the time periods set forth herein. Such insurance shall be secured from carriers admitted in California, or authorized to do business in California. Such carriers shall be in good standing with the California Secretary of State's Office and the California Department of Insurance. Such carriers must be approved by the California Department of Insurance and must be included on the California Department of Insurance List of Eligible Surplus Line Suppliers (hereinafter "LESLI"). Such carriers must have a minimum rating of or equivalent to A:VIII in Best's Insurance Guide. Borrower shall, concurrent with the execution of this Agreement, deliver to the Commission certificates of insurance with original endorsements evidencing the general liability and automobile insurance coverage required by this Agreement.

If original endorsements are not immediately available, such endorsements may be delivered subsequent to the execution of this Agreement, but no later than thirty (30) days following execution of this Agreement. Borrower shall deliver satisfactory evidence of issuance of All Risk property insurance described in (3) below and worker's compensation insurance described in (4) below at such time that such exposures are at risk, but in no event later than the Close of Escrow. Borrower shall deliver satisfactory evidence of issuance of Professional Liability Coverage once the Design Professionals are hired for the Project. The certificate and endorsements shall be signed by a person authorized by the insurers to bind coverage on its behalf. The Commission reserves the right to require complete certified copies of all policies at any time. Said insurance shall be in a form acceptable to the Commission and may provide for such deductibles as may be acceptable to the Commission. Any self-insurance program and self-insured retention must be separately approved by the Commission. In the event such insurance does provide for deductibles or self-insurance, Borrower agrees that it will defend, indemnify and hold harmless the Public Agencies in the same manner as they would have been defended, indemnified and held harmless if full coverage under any applicable policy had been in effect. Each such certificate shall stipulate that the Commission is to be given at least thirty (30) days' written notice in advance of any modification or cancellation of any policy of insurance. Borrower shall give the Commission immediate notice of any insurance claim or loss which may be covered by insurance. Borrower represents and warrants that Borrower's Contractors, Subcontractors, and Design Professionals shall also provide and maintain all of the insurance coverage requirements as set forth herein. All certificates of insurance and additional insured endorsements shall carry the following identifier:

3rd & Woods Family Housing Project  
5051 East 3rd Street  
Los Angeles, CA 90022

The insurance policies shall be primary insurance with respect to the Commission. The insurance policies shall contain a waiver of subrogation for the benefit of the Commission. Failure on the part of Borrower, and/or any entities with which Borrower contracts, to procure or maintain the insurance coverage required in this Insurance Section may, upon the Commission's sole discretion, constitute a material breach of this Agreement pursuant to which the Commission may immediately terminate this Agreement and exercise all other rights and remedies set forth herein, at its sole and absolute discretion, and without waiving such default or limiting the rights or remedies of the Commission, procure or renew such insurance and pay any and all premiums in connection therewith and all monies so paid by the Commission shall be immediately repaid by the Borrower to the Commission upon demand including interest thereon at the default rate. In the event of such a breach, the Commission shall have the right, at its sole election, to participate in and control any insurance claim, adjustment, or dispute with the insurance carrier. Borrower's failure to assert or delay in asserting any claim shall not diminish or impair the Commission's rights against the Borrower or the insurance carrier.

When Borrower is naming Public Agencies as an additional insured on any of the commercial general liability or comprehensive liability insurance policies set forth herein, then the additional insured endorsement shall contain language similar to the language contained in ISO form CG 20 10 10 01. When any entity with which Borrower is contracting, is naming the Public Agencies as an additional insured on any of the commercial general liability or comprehensive liability insurance policies set forth herein, then the additional insured endorsement shall contain language similar to the language contained in ISO form CG 20 10 11 85.

Borrower shall procure and maintain the following insurance policies for the duration of this

Agreement, unless otherwise set forth herein:

(1) Liability: Comprehensive liability insurance, including coverage for personal injury, death, property damage and contractual liability, with a combined single limit of at least Two Million Dollars (\$2,000,000) for each occurrence (Four Million Dollars (\$4,000,000) General Aggregate), including products and completed operations coverage.

(2) Professional Liability: Professional liability insurance, including coverage for personal injury, death, property damage and contractual liability, with a combined single limit of at least One Million Dollars (\$1,000,000) for each occurrence (Two Million Dollars (\$2,000,000) General Aggregate). Said insurance shall be maintained for the statutory period during which the professional maybe exposed to liability. If Borrower is not providing professional services, then it is the responsibility of Borrower to obtain separate written approval from Commission to eliminate this professional liability insurance requirement.

(3) Property Insurance: Borrower shall obtain either "Basic Form" or "Special Form" property insurance as set forth below:

"Basic Form" insurance coverage shall include, without limitation, insurance against the perils of fire and physical loss or damage including, without duplication of coverage, vandalism, malicious mischief, collapse, earth movement (excluding earthquake), and windstorm. The amount of the property coverage shall at all times be on a replacement cost basis and shall exceed the actual cash value (ACV) of all existing structures, improvements and fixtures on the Property. Said insurance shall be maintained throughout the Term. The Commission and each of its elected and appointed officers, officials, representatives, employees, and agents shall be covered as additional insureds on such policy.

"Special Form" property insurance coverage shall include, without limitation, builders risk insurance and insurance against the perils of fire and physical loss or damage including, without duplication of coverage, theft, vandalism, malicious mischief, collapse, flood, windstorm, false work, testing and startup, temporary buildings and debris removal including demolition occasioned by enforcement of any applicable legal requirements. The amount of the property coverage shall at all times exceed the full replacement value of materials supplied or installed by others and all existing structures, improvements and fixtures on the Property. There shall not be a "co-insurance" clause. If a coinsurance waiver is not commercially available at reasonable rates, Commission may waive this requirement. Said insurance shall be maintained throughout the Term. The Commission and each of its elected and appointed officers, officials, representatives, employees, and agents shall be covered as additional insureds on such policy.

(4) Worker's Compensation: Borrower's employees, if any, Borrower's Contractors, Subcontractors, and Design Professionals and any affiliates or agents of Borrower shall be covered by Workers' Compensation insurance in an amount and in such form as to meet all applicable requirements of the Labor Code of the State of California and Employers Liability limits of One Million Dollars (\$1,000,000) per accident.

(5) Automobile Liability: Combined single limit automobile liability insurance of at least One Million Dollars (\$1,000,000) per accident for bodily injury and property damage, covering owned, nonowned and hired vehicles.

Public Agencies shall be named as additional insureds on the above mentioned Liability Policy,

Property Insurance Policy, and Automobile Liability Policy.

No modification or waiver of the insurance requirements set forth herein shall be made without the prior written approval of the Executive Director of the Commission.

**11.11 Other Loans.**

Borrower shall comply with all monetary and non-monetary covenants associated with any loan secured by an interest in the Site or the Project, including but not limited to the Senior Financing, the Junior Financing and the Other Financing. Borrower shall provide to the Commission a copy of any notice of default within three (3) business days after receiving any notice of a default or alleged default of such covenants by Borrower, and Borrower shall promptly cure any such default and cooperate in permitting the Commission, to the extent the Commission in its sole discretion elects to do so, to cure or assist in curing the default. Any cost or expenditure incurred by the Commission in providing or assisting in such a cure shall be deemed added to the outstanding principal amounts of the Loans.

**11.12 Construction Requirements.**

Following the Close of Escrow, Borrower shall cause the Project construction work to commence promptly, proceed diligently, and achieve Completion of the Project by March 31, 2010, subject to extension for up to an additional twelve (12) months to the extent of force majeure delays beyond Borrower's reasonable control. "Completion of the Project" shall be deemed to have occurred when the Commission has received satisfactory evidence that the Project has been completed in compliance with this Agreement and as represented in Borrower's approved funding application to the Commission, and that all final permits and certificates necessary to the operation of the Project as contemplated herein have been obtained, including, without limitation, the following, each of which is subject to the Commission's review and approval:

- (1) a signed certificate from the general contractor, in a form reasonably acceptable to the Commission, certifying to the Commission that construction was completed substantially in accordance with the requirements of the plans and this Agreement, and all other related on-site and off-site improvements have been completed;
- (2) a certificate of occupancy and other final permits and licenses necessary to permit the use and occupancy of the Project for its intended purposes, which have been issued by proper governmental agencies;
- (3) unconditional waivers and releases upon final payment, in statutory form, showing no amounts in dispute, have been received from the General Contractor, all subcontractors, and all other persons or entities providing services or furnishing materials in connection with the Project; and
- (4) evidence satisfactory to the Commission that the statutory period for the filing of mechanics' liens (sixty (60) days following filing of the statutory notice of completion) has expired and the Property is free from such liens.

Construction shall proceed in accordance with EXHIBIT P, Construction Requirements, and shall conform to the layout and design represented in Borrower's approved application for the Industry Fund Program.



#### 11.13 Relocation Requirements.

If applicable, Borrower shall be responsible for assuring compliance with all relocation requirements as governed by state and federal relocation laws and regulations for projects funded in whole or in part with HOME, including the Federal Uniform Relocation Assistance and Real Property Policies Act (42 U.S.A.C. 4601 et seq., as amended), Federal Relocation Regulations (49 CFR Part 24), HUD Relocation Handbook 1378, and the Los Angeles County Community Development Commission's Relocation Policies and Procedures Manual. In circumstances where both federal and state funds are contributed to a program or Project, it is the policy of the County to follow the requirements that provide the displaced person or household with the greatest benefit. For example, if in a mixed-funded project, the assistance or benefit under state law is more favorable to the displaced person or household, then the state law applies, and if the opposite is the case, then applicable federal laws and regulations (California Relocation Assistance Law, etc.) shall apply. Any relocation assistance shall be provided through and in the manner directed by the Commission, provided, however, that Borrower shall indemnify, defend and hold harmless the Public Agencies for relocation payments, consulting fees and expenses incurred in connection with the Project. At the Commission's election in the Commission's sole discretion, the Commission may hire a relocation consultant to coordinate the relocation. The fees and costs of the consultant shall be paid or reimbursed by Borrower.

#### 11.14 Environmental Conditions.

Borrower shall comply with any NEPA or CEQA mitigation measures or other environmental conditions imposed by the Commission or any other applicable governmental authority in connection with the Project, attached hereto as EXHIBIT O.

#### 11.15 Design Standards.

Borrower agrees that projects determined to be eligible for loans of HOME and/or Industry Funds are required to utilize the Commission's Design Guidelines and participate in the Commission's Design Review Process. The Borrower agrees to conform to the standards and timelines as required by the Commission and as set forth in EXHIBIT S.

Furthermore, Borrower agrees that if significant changes are made to a Commission-approved design during the design or construction phases, the Commission may elect to reduce or rescind the loan commitment or reduce the Developer fee.

#### 11.16 Deferred Developer Fee.

Borrower agrees to make payments towards the Deferred Developer Fee according to the terms and conditions in Section 1.2.2 of the Note.

### 12. USE OF PROPERTY; LEASING AND MANAGEMENT.

#### 12.1 Required Submittals - Pre-Occupancy and Tenant Selection.

At least ninety (90) days prior to occupancy and prior to the commencement of tenant selection for the Project, Borrower shall have:

(i) Obtained the Commission's written approval of an affirmative marketing plan, leasing guidelines, and a summary of the rules, procedures and programs for the Project including specifically the procedures to be employed by which the tenants of the Assisted Units (as defined in Section 12.2) in the Project shall be selected in the event that, at any given time, the number of Eligible Households applying to lease units at the Project exceeds the number of units available.

The affirmative marketing plan shall include Borrower's agreement to utilize the Los Angeles County Housing Resource Center (the "Housing Resource Center") at [housing.lacounty.gov](http://housing.lacounty.gov) to advertise all available units and vacancies, and further agrees to register the Project and allow referrals from the Housing Resource Center at least sixty (60) days prior to leasing or at the same time the general public is allowed to apply for units, whichever comes sooner.

(ii) Borrower has provided the Commission with affirmative action and community business enterprise plans in form satisfactory to the Commission.

#### 12.2 Limitation on Tenants.

Notwithstanding anything to the contrary in this Agreement, Borrower hereby covenants on behalf of itself, and its successors and assigns, which covenant shall run with the land and bind every successor and assign in interest of Borrower, that, throughout the Fifty-Five (55) year term of the CC&Rs, Borrower and such successors and assigns shall use the Site solely for the purpose of constructing and operating the Project as a residential development with the defined number of dwelling units and, with respect to the units designated to be assisted as consideration for the Loans ("Assisted Units"), Fifty-Nine (59) Assisted Units shall be in accordance with the tenant income levels specified in this Agreement. (The Assisted Units are exclusive of One (1) manager's unit.)

All Assisted Units shall be rented only at an Affordable Housing Cost to Very Low-Income Households, Forty-Five Percent Income Households, Thirty Percent Income Households, or Very Very Low-Income Households as hereinafter defined (households meeting the applicable criteria are occasionally referred to as "Eligible Households" and persons within any group occasionally referred to as "Eligible Person" or "Eligible Persons").

"Low-Income Households" shall mean persons and families whose gross annual household incomes do not exceed the qualifying limits for lower income families as established and amended from time to time pursuant to Section 8 of the United States Housing Act of 1937, which qualifying limits are otherwise set forth in Section 6932 of the California Code of Regulations and are equivalent to eighty percent (80%) of Area Median Income, adjusted for family size and other adjustment factors by the United States Department of Housing and Urban Development (HUD).

"Very Low-Income Households" shall mean persons and families whose gross annual household incomes do not exceed fifty percent (50%) of Area Median Income, adjusted for family size and other adjustment factors by HUD.

"Forty-Five Percent Income Households" shall mean Eligible Households whose gross annual incomes do not exceed forty-five percent (45%) of Area Median Income.

"Thirty Percent Income Households" shall mean Eligible Households whose gross annual incomes do not exceed thirty percent (30%) of Area Median Income.

"Affordable Housing Cost" shall mean, as to each Eligible Person, a rental rate which results in monthly payments which, including a reasonable utility allowance, do not exceed:

(i) for an Eligible Person within a Very Low-Income Household, the Low HOME Rent established by HUD; and

(ii) for a Forty-Five Percent Income Household, the product of thirty percent (30%) times forty-five percent (45%) of Area Median Income adjusted for family size appropriate to the Assisted Unit; and

(iii) for a Thirty Percent Income Household, the product of thirty percent (30%) times thirty percent (30%) of Area Median Income adjusted for family size appropriate to the Assisted Unit.

"Area Median Income" shall mean the median income for Los Angeles/Long Beach Metropolitan Statistical Area, adjusted for family size as periodically adjusted by HUD, or any successor entity designated under state law as responsible for establishing such Area Median Income.

Borrower shall specifically provide in each Assisted Unit lease and shall strictly enforce the requirement that each Assisted Unit be occupied at all times by the eligible household who has leased that Assisted Unit, and that any other occupant of the unit be another qualified member of the lessee's household. The Commission shall be identified as a third party beneficiary of that covenant and shall have the right to directly enforce that restriction in the event Borrower fails to do so. Prior to execution of any Assisted Unit lease with respect to the Project, Borrower shall submit to the Commission and obtain its written approval of a standard form occupancy lease and Borrower shall thereafter use the approved form for all leases of Assisted Units in the Project, with only such further modifications thereto as are first submitted to and approved in writing by the Commission.

#### **12.3 Tenant Selection Process; Reports and Records Concerning Tenancies.**

Borrower shall maintain such records and satisfy such reporting requirements as may be reasonably imposed by the Commission to monitor compliance with the tenancing requirements described in Section 12.2 above, including without limitation the requirement that Borrower deliver reports to the Commission commencing at the close of the initial occupancy of the Project, and continuing annually thereafter, setting forth the name of each tenant, the unit occupied and the income of the Borrower and the amount of rent payable by each tenant. Borrower shall also be required to have each prospective tenant complete a rental application prior to occupancy and to obtain evidence from each such Borrower as may be reasonably required by the Commission to certify such Borrower's qualification for occupancy of the Project. Borrower's obligation to provide such reports shall remain in force and effect for the same duration as the use covenants set forth in Section 12.2.

#### **12.4 Management of Project.**

Subject to the terms and conditions contained herein below, Borrower shall at all times during the operation of the Project pursuant to this Agreement retain an entity to perform the management and/or supervisory functions ("Manager") with respect to the operation of the Project including day-to-day administration, maintenance and repair. Borrower shall, before execution or any subsequent amendment or replacement thereof, submit and obtain the Commission's written approval of a management contract ("Management Contract") entered into between Borrower and an entity ("Management Entity") acceptable to the Commission. Subject to any regulatory or licensing requirements of any other applicable governmental agency, the Management Contract may be for a term of up to fifteen (15) years and may be renewed for successive terms in accordance with its terms, but may not be amended or modified without the

prior written consent of the Commission. The Management Contract shall also provide that the Management Entity shall be subject to termination for failure to meet project maintenance and operational standards set forth herein or in other agreements between Borrower and the Commission. Borrower shall promptly terminate any Management Entity which commits or allows such failure, unless the failure is cured within a reasonable period in no event exceeding 60 days from Management Entity's receipt of notice of the failure from Borrower or the Commission. Borrower's obligation to retain a Management Entity shall remain in force and effect for the same duration as the use covenants set forth in Section 12.2.

#### **12.5 Operations and Maintenance.**

Borrower hereby covenants on behalf of itself, and its successors and assigns, which covenant shall run with the land and bind every successor and assign in interest of Borrower, that Borrower and such successors and assigns shall use the Site solely for the purpose of operating the Project and ancillary improvements thereon, in accordance with and of the quality prescribed by this Agreement, the CC&Rs and the Deeds of Trust.

Borrower covenants and agrees for itself, its successors and assigns, which covenants shall run with the land and bind every successor or assign in interest of Borrower, that during development of the Site pursuant to this Agreement and thereafter, neither the Site nor the Project, nor any portion thereof, shall be improved, used or occupied in violation of any Applicable Governmental Restrictions or the restrictions contained in this Agreement or the Deeds of Trust. Furthermore, Borrower and its successors and assigns shall not maintain, commit, or permit the maintenance or commission on the Site or in the Project, or any portion thereof, of any nuisance, public or private, as now or hereafter defined by any statutory or decisional law applicable to the Site or the Project, or any portion thereof.

Borrower shall, at its expense, (i) maintain all improvements and landscaping on the Site in good working order, condition, and repair (and, as to landscaping, in a healthy and thriving condition) in accordance with the plans for the Project (which must be approved by the Commission before being incorporated into the Construction Contract) (such approved plans, the "Plans") and all Applicable Governmental Restrictions, and (ii) manage the Project and Project finances reasonably prudently and in compliance with Applicable Governmental Restrictions so as to maintain a safe and attractive living environment for Project residents while maximizing Residual Receipts to the extent reasonably possible consistent with applicable rent and tenant requirements (including all recorded rent restrictions affecting the Project) and without compromising the safety and attractiveness of the living environment of the Project.

#### **12.6 Commercial Space.**

Borrower will complete a market study to determine the commercially viable uses for the Commercial Space. However, if Borrower leases to viable commercial tenants, prior to ordering the market study, the Commission will waive the market study requirement.

Before Borrower leases the Commercial Space, the lease, along with information to substantiate the potential tenant's viability, will be provided to the Commission for review and approval.

13. BORROWER'S OBLIGATION TO REFRAIN FROM DISCRIMINATION.

There shall be no discrimination against or segregation of any person, or group of persons, on account of race, color, creed, religion, sex or sexual orientation, marital status, age, medical condition, national origin, or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Site, nor shall Borrower itself or any person claiming under or through it establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of Borrowers, lessees, subBorrowers, sublessees, or vendees of the Site or any portion thereof. The nondiscrimination and nonsegregation covenants set forth herein shall remain in effect in perpetuity.

13.1 Form of Nondiscrimination and Nonsegregation Clauses.

Borrower shall refrain from restricting the rental, sale or lease of the Site or any portion thereof on the basis of race, color, creed, religion, sex or sexual orientation, marital status, age, medical condition, national origin, or ancestry of any person. All such deeds, leases or contracts shall contain or be subject to substantially the following nondiscrimination or nonsegregation clauses:

(a) In deeds: "The grantee herein covenants by and for himself or herself, and his or her heirs, executors, administrators and assigns, and all persons claiming under or through them, that there shall be no discrimination against or segregation of, any person or group of persons on account of race, color, creed, religion, sex or sexual orientation, marital status, age, medical condition, national origin, or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the land herein conveyed, nor shall the grantee or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of Borrowers, lessees, subBorrowers, sublessees, or vendees in the land herein conveyed. The foregoing covenants shall run with the land."

(b) In leases: "The lessee herein covenants by and for himself or herself, and his or her heirs, executors, administrators and assigns, and all persons claiming under or through him or her, and this lease is made and accepted upon and subject to the following conditions: That there shall be no discrimination against or segregation of any person or group of persons, on account of race, color, creed, religion, sex or sexual orientation, marital status, age, medical condition, national origin, or ancestry, in the leasing, subleasing, transferring, use, occupancy, tenure, or enjoyment of the land herein leased nor shall the lessee himself or herself, or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy, of Borrowers, lessees, sublessees, subBorrowers, or vendees in the land herein leased."

(c) In contracts: "There shall be no discrimination against or segregation of any person or group of persons, on account of race, color, creed, religion, sex or sexual orientation, marital status, age, medical condition, national origin, or ancestry, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the premises, nor shall the parties to this contract or any person claiming under or through them, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy of Borrowers, lessees, subBorrowers, sublessees, or vendees of the premises."

Nothing in this Section shall be construed or understood to limit, restrict or in any way

waive the income requirements described in this Agreement.

14. COMMISSION REQUIREMENTS

Borrower shall comply with the provisions of EXHIBIT N, Commission Requirements.

15. INDEPENDENT CONTRACTOR.

In their performance of this Agreement, all parties hereto will be acting in an independent capacity and not as agents, employees, partners, joint venturers, or associates of one another. The employees or agents of one party shall not be deemed or construed to be the agents or employees of the other party for any purpose whatsoever, including workers' compensation liability. Borrower shall bear the sole responsibility and liability for furnishing or causing its general contractor to furnish workers' compensation benefits to any person for injuries arising from or connected with services performed on behalf of Borrower pursuant to this Agreement.

16. ASSIGNMENT OF THIS AGREEMENT.

This Agreement shall be assignable by Borrower only if Borrower obtains the prior express written consent of the Commission or the Commission's Executive Director, which consent may be withheld by the Commission in its sole discretion. Notwithstanding anything to the contrary in this Agreement, no purported assignment of this Agreement and the Loans shall be effective if such assignment would violate the terms, conditions and restrictions of any Applicable Governmental Restrictions. Commission's consent to such assignment shall be expressly conditioned upon (i) the assignee's execution of such documents as required by the Commission at its sole discretion including, without limitation, any and all documents deemed necessary by Commission to provide for said assignee's assumption of all of the obligations of Borrower hereunder and under the Loan Documents, and (ii) Commission's approval of the financial and credit worthiness of such proposed assignee and the assignee's ability to perform all of the Borrower's obligations under this Agreement, the Notes, and all other Loan Documents.

Any attempt by Borrower to assign any performance or benefit under the terms of this Agreement, without the prior written consent of the Commission as provided herein, shall be null and void and shall constitute a material breach of this Agreement. In accordance with the foregoing, in the event of (i) a sale or transfer of Borrower's interest in the Site, or (ii) a sale or transfer of more than forty-nine percent (49%) of its present ownership and/or control, in the aggregate, taking all transfers into account on a cumulative basis, or (iii) a sale or transfer of the Project, occurring without the written consent of the Commission, Commission may, at its option, by written notice to Borrower, declare Borrower in default under this Agreement.

Notwithstanding the foregoing, if the Project receives funding through an allocation of state or federal low income housing tax credits, the Commission hereby consents to the following transfers in furtherance of such financing: (i) syndication of limited partnership interest in Borrower to an equity investor; (ii) grant of a purchase option and/or right of first refusal with respect to the Project from Borrower to its general partners and (iii) removal of any general partner of Borrower pursuant to the terms of the limited partnership agreement of Borrower, as may be amended from time to time, provided that any replacement general partner is approved by the Commission, which approval shall not be unreasonably withheld.

17. EVENTS OF DEFAULT AND REMEDIES.

17.1 Borrower Events of Default.

The occurrence of any of the following shall, after the giving of any notice and the expiration of any applicable cure period described therein, constitute an event of default by Borrower hereunder ("Event of Default"):

(a) The failure of Borrower to pay or perform any monetary covenant or obligation hereunder or under the terms of the Notes or the Deeds of Trust, without curing such failure within ten (10) days after receipt of written notice of such default from the Commission (or from any party authorized by the Commission to deliver such notice as identified by the Commission in writing to Borrower). Notwithstanding anything herein to the contrary, the herein described cure period shall not apply to a failure by Borrower to timely repay the Loans at the Maturity Date of the Notes;

(b) The failure of Borrower to perform any nonmonetary covenant or obligation hereunder or under the terms of the Notes or the Deeds of Trust, without curing such failure within thirty (30) days after receipt of written notice of such default from the Commission (or from any party authorized by the Commission to deliver such notice as identified by the Commission in writing to Borrower) specifying the nature of the event or deficiency giving rise to the default and the action required to cure such deficiency; provided, however, that if any default with respect to a non-monetary obligation is such that it cannot be cured within a thirty (30) day period, it shall be deemed cured if Borrower commences the cure within said thirty (30) day period and diligently prosecutes such cure to completion thereafter with the cure completed in any event within one hundred eighty (180) days after the notice. Notwithstanding anything herein to the contrary, the herein described notice requirements and cure period shall not apply to any Event of Default described in Sections 17.1(c) through 17.1(h) below;

(c) The falsity of any representation or breach of any warranty or covenant made by Borrower under the terms of this Agreement, the Notes, or the Deeds of Trust;

(d) Borrower or any constituent member or partner, or majority shareholder, of Borrower shall (a) apply for or consent to the appointment of a receiver, trustee, liquidator or custodian or the like of its property, (b) fail to pay or admit in writing its inability to pay its debts generally as they become due, (c) make a general assignment for the benefit of creditors, (d) be adjudicated a bankrupt or insolvent or (e) commence a voluntary case under the Federal bankruptcy laws of the United States of America or file a voluntary petition that is not withdrawn within ten (10) days of the filing thereof or answer seeking an arrangement with creditors or an order for relief or seeking to take advantage of any insolvency law or file an answer admitting the material allegations of a petition filed against it in any bankruptcy or insolvency proceeding;

(e) If without the application, approval or consent of Borrower, a proceeding shall be instituted in any court of competent jurisdiction, under any law relating to bankruptcy, in respect of Borrower or any constituent member or partner, or majority shareholder, of Borrower, for an order for relief or an adjudication in bankruptcy, a composition or arrangement with creditors, a readjustment of debts, the appointment of a trustee, receiver, liquidator or custodian or the like of Borrower or of all or any substantial part of Borrower's assets, or other like relief in respect thereof under any bankruptcy or insolvency law, and, if such proceeding is being contested by Borrower, in

good faith, the same shall (a) result in the entry of an order for relief or any such adjudication or appointment, or (b) continue undismissed, or pending and unstayed, for any period of ninety (90) consecutive days;

(f) Following completion of the rehabilitation of the Project, voluntary cessation of the operation of the Project for a continuous period of more than thirty (30) days or the involuntary cessation of the operation of the Project in accordance with this Agreement for a continuous period of more than sixty (60) days;

(g) Borrower shall suffer or attempt to effect a Transfer (as defined below) in violation of Section 16 above or Section 31 below; or

(h) Borrower shall be in default under the CC&Rs, the Senior Financing, the Junior Financing, the Other Financing, the Supportive Services Agreement, if any, or any other secured or unsecured obligation relating to the Project, unless the default is cured within the cure period, if any, applicable thereto under the terms of the obligation which is in default.

#### 17.2 Commission Remedies.

Upon the occurrence of an Event of Default hereunder, the Commission may, in its sole discretion, take any one or more of the following actions:

(a) By notice to Borrower declare the entire then unpaid principal balance of the Loans immediately due and payable, and the same shall become due and payable without further demand, protest or further notice of any kind, all of which are expressly waived. Upon such declaration, outstanding principal and (to the extent permitted by law) interest and any other sums outstanding in connection with the Loans shall thereafter bear interest at the Default Rate, payable from the date of such declaration until paid in full;

(b) Subject to the nonrecourse provisions of Section 7 above, take any and all actions and do any and all things which are allowed, permitted or provided by law, in equity or by statute, in the sole discretion of the Commission, to collect the amounts then due and thereafter to become due hereunder and under the Notes, to exercise its rights under the Deeds of Trust, and to enforce performance and observance of any obligation, agreement or covenant of the Borrower under this Agreement or under any other document executed in connection herewith;

(c) Subject to the nonrecourse provisions of Section 7 above, upon the occurrence of an Event of Default which is occasioned by Borrower's failure to pay money, whether under this Agreement or the Notes, the Commission may, but shall not be obligated to, make such payment. If such payment is made by the Commission, Borrower shall deposit with the Commission, upon written demand therefor, such sum plus interest at the Default Rate. The Event of Default with respect to which any such payment has been made by the Commission shall not be deemed cured until such repayment (as the case may be) has been made by Borrower. Until repaid, such amounts shall have the security afforded disbursements under the Notes;

(d) Subject to the nonrecourse provisions of Section 7 above, upon the occurrence of an Event of Default described in Section 17.1(d) or 17.1(e) hereof, the Commission shall be entitled and empowered by intervention in such proceedings or



otherwise to file and prove a claim for the whole amount owing and unpaid on the Loans and, in the case of commencement of any judicial proceedings, to file such proof of claim and other papers or documents as may be necessary or advisable in the judgment of the Commission and its counsel to protect the interests of the Commission and to collect and receive any monies or other property in satisfaction of its claim.

**17.3 No Remedy Exclusive.**

No remedy herein conferred upon or reserved to the Commission is intended to be exclusive of any other available remedy or remedies, but each such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or now existing at law or hereafter in equity or by statute; and may be exercised in such number, at such times and in such order as the Commission may determine in its sole discretion. No delay or omission to exercise any right or power upon the occurrence of any Event of Default hereunder shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient by the Commission. In order to entitle the Commission to exercise any right or remedy reserved to it under this Agreement, no notice shall be required except as expressly provided herein.

**17.4 Commission Default and Borrower Remedies.**

Upon fault or failure of the Commission to meet any of its obligations under this Agreement without curing such failure within thirty (30) days after receipt of written notice of such failure from Borrower specifying the nature of the event or deficiency giving rise to the default and the action required to cure such deficiency, Borrower may, as its sole and exclusive remedies:

- (a) Demand and obtain payment from the Commission of any sums due to or for the benefit of Borrower pursuant to the express terms of this Agreement;
- (b) Bring an action in equitable relief seeking the specific performance by the Commission of the terms and conditions of this Agreement or seeking to enjoin any act by the Commission which is prohibited hereunder; and
- (c) Bring an action for declaratory relief seeking judicial determination of the meaning of any provision of this Agreement.

Without limiting the generality of the foregoing, Borrower shall in no event be entitled to, and hereby waives, any right to seek indirect or consequential damages of any kind or nature from the Commission arising out of or in connection with this Agreement, and in connection with such waiver Borrower is familiar with and hereby waives the provisions of Section 1542 of the California Civil Code which provides as follows: "A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR."

18. Reserved.

**19. RIGHT OF ACCESS AND INSPECTION.**

Commission shall have the right at any time during normal business hours and from time to time to enter upon the Site for purposes of inspection. If the Commission in its reasonable

discretion determines that the project is not being operated in conformity with this Agreement, or any applicable Governmental Restrictions, or the Project is not being operated in conformity with this Agreement or any Applicable Governmental Restrictions, the Commission may at its election, after notice to and consultation with the Borrower and affording the Borrower thirty (30) days after such notice to cure the matter (or without notice in the case of an emergency) (provided, however, that if such matter cannot be cured within a 30-day period, it shall be deemed cured if Borrower commences the cure within said 30-day period and diligently prosecutes such cure to completion thereafter) and the Borrower fails to cure the matter, itself cure the matter. In addition, during the course of construction, the Commission may immediately stop the work and order replacement or correction of any work or materials not in conformity with this Agreement or any Applicable Governmental Restrictions. Inspection by the Commission of the Project or the Site is not to be construed as an acknowledgment, acceptance or representation by the Commission that there has been compliance with any terms or provisions of this Agreement, or that the work will be free of faulty materials or workmanship.

20. CONFLICT OF INTEREST; NO INDIVIDUAL LIABILITY.

No official or employee of the Commission shall have any personal interest, direct or indirect, in this Agreement, nor shall any official or employee of the Commission participate in any decision relating to this Agreement which affects such official's or employee's pecuniary interest in any corporation, partnership or association in which such official or employee is directly or indirectly interested. No official or employee of the Commission shall be personally liable in the event of a breach of this Agreement by the Commission.

21. AMENDMENTS, CHANGES AND MODIFICATIONS.

This Agreement may not be amended, changed, modified, altered or terminated without the prior written consent of the Parties hereto.

22. EXECUTION OF COUNTERPARTS.

This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute one and the same document.

23. NOTICES.

All notices, demands, requests, elections, approvals, disapprovals, consents or other communications given under this Agreement shall be in writing and shall be given by personal delivery, facsimile, certified mail (return receipt requested), or overnight guaranteed delivery service and addressed or faxed as follows:

If to Commission:      Community Development Commission of the County of Los Angeles  
Two Coral Circle  
Monterey Park, California 91755-7425  
Attn: Executive Director  
Fax No. (323) 890-8576

With a copy to:      Community Development Commission of the County of Los Angeles  
Two Coral Circle

Monterey Park, California 91755-7425  
Attn: Director of Housing Development and Preservation  
Fax No. 323-869-0946

If to Borrower: Woods Family Housing Partners, L.P.  
10681 Foothill Blvd., Suite 220  
Rancho Cucamonga, CA 91730  
Attn: Richard J. Whittingham, Chief Financial Officer  
Fax No. \_\_\_\_\_

With a copy to: The Southern California Housing Development Corporation of Los Angeles  
9065 Haven Avenue, Suite 100  
Rancho Cucamonga, CA 91730  
Attn: \_\_\_\_\_  
Fax No. \_\_\_\_\_

With a copy to: National Community Renaissance of California  
9065 Haven Avenue, Suite 100  
Rancho Cucamonga, CA 91730  
Attn: \_\_\_\_\_  
Fax No. \_\_\_\_\_

Notices shall be effective upon receipt, if given by personal delivery; upon receipt if faxed, provided there is a written confirmation of receipt (except that if received after 5 p.m., notice shall be deemed received on the next business day); the earlier of (i) three (3) business days after deposit with United States Mail; or (ii) the date of actual receipt as evidenced by the return receipt, if delivered by certified mail; or (iii) one (1) day after deposit with the delivery service, if delivered by overnight guaranteed delivery service. Each party shall promptly notify the other party of any change(s) of address or fax to which notice shall be sent pursuant to this Agreement.

24. SEVERABILITY.

The invalidity or unenforceability of any one or more provisions of this Agreement will in no way affect any other provision.

25. INTERPRETATION.

Whenever the context requires, all words used in the singular will be construed to have been used in the plural, and vice versa, and each gender will include any other gender. The captions of the paragraphs of this Agreement are for convenience only and do not define or limit any terms or provisions. Time is of the essence in the performance of this Agreement by Borrower. Each Party has been represented by counsel in the negotiation of this Agreement, and it shall not be interpreted in favor of or against any Party on account of relative responsibilities in drafting. Notwithstanding any other provision of this Agreement, nothing herein or in the Notes shall be deemed to require Borrower to pay interest in the amount of any applicable usury law or other legal limitation on interest, and the terms hereof and of the Notes shall be interpreted to require in each instance the lesser of (i) the amount stated in the Notes; and (ii) the maximum applicable legal limit. Attached hereto for the convenience of the Parties as EXHIBIT A is a directory indicating the location of definitions for certain defined terms used in this Agreement.

26. NO WAIVER; CONSENTS.

Any waiver by the Commission must be in writing and will not be construed as a continuing waiver. No waiver will be implied from any delay or failure by the Commission to take action on account of any default of Borrower. Consent by the Commission to any act or omission by Borrower will not be construed to be a consent to any other or subsequent act or omission or to waive the requirement for the Commission's consent to be obtained in any future or other instance.

27. APPLICABLE POLICIES.

A. Governing Law.

This Agreement shall be governed by the laws of the State of California.

B. Compliance with Laws.

Borrower agrees to be bound by applicable federal, state, and local laws, regulations and directives as they pertain to the performance of the Agreement. This Agreement is subject to and incorporates the terms of the Housing and Community Development Act of 1974, as amended by the Cranston-Gonzales National Affordable Housing Act, 1990 and the 24 Code of Federal Regulations (CFR) Part 85

C. HOME Program and Federal Requirements.

In addition to any other obligations of the Borrower to this Agreement, the Borrower agrees to comply with all of the HOME Program Requirements, including federal Davis-Bacon requirements, a summary of which is included as EXHIBIT M.

28. REPRESENTATIONS AND WARRANTIES OF BORROWER.

Borrower hereby warrants and represents to the Commission that:

A. Organization and Standing.

Borrower is a legal entity as described in the Transaction Summary above, duly organized, qualified to operate in California and validly existing and in good standing in the State of California and has all requisite power and authority to enter into and perform its obligations under this Agreement, the Notes, the Deeds of Trust, the CC&Rs, and all other documents executed in connection herewith.

B. Enforceability.

This Agreement, the Notes, the Deeds of Trust, the CC&Rs, and all other instruments to be executed by Borrower in connection with the Loans constitute the legal, valid and binding obligation of Borrower, without joinder of any other party.

C. Authorization and Consents.

The execution, delivery and performance of this Agreement and all other instruments to be executed in connection herewith is consistent with the operating agreement, partnership agreement, or articles and bylaws governing Borrower, and have been duly authorized by all necessary action of Borrower's members, partners, directors, officers and shareholders.

D. Due and Valid Execution.

This Agreement and all other instruments to be executed in connection herewith, will, as of the date of their execution, have been duly and validly executed by Borrower.

E. Licenses.

Borrower will obtain and maintain all material licenses, permits, consents and approvals required by all applicable governmental authorities to own and operate the Project.

F. Litigation and Compliance.

There are no suits, other proceedings or investigations pending or threatened against, or affecting the business or the properties of Borrower (other than those as have been previously disclosed in writing to the Commission) which could materially impair its ability to perform its obligations under this Agreement, nor is Borrower in violation of any laws or ordinances which could materially impair Borrower's ability to perform its obligations under this Agreement.

G. Default.

There are no facts now in existence which would, with the giving of notice or the lapse of time, or both, constitute an Event of Default hereunder, as described in Section 17 above.

H. No Violations.

The execution and delivery of this Agreement, the Notes, and all other documents executed or given hereunder, and the performances thereunder by Borrower, as applicable, will not constitute a breach of or default under any instrument or agreement to which Borrower may be a party nor will the same constitute a breach of or violate any law or

governmental regulation.

I. No Affiliation With Lenders.

Borrower is no under common ownership or is otherwise affiliated with any lender extending any Project Loan (as defined in the Notes).

29. APPROVALS.

Any consent to a transfer under Section 16 above or Section 31 below of this Agreement, and any other consent or approval by the Commission under this Agreement or any of the Loan Documents, may be given by the Commission's Executive Director without action of the Commission's governing board unless the Executive Director in his or her sole discretion elects to refer the matter to the Commission's governing board.

Except with respect to those matters set forth hereinabove providing for the Commission's approval, consent or determination to be at the Commission's "sole discretion" or "sole and absolute discretion," the Commission hereby agrees to act reasonably with regard to any approval, consent, or other determination given by the Commission hereunder. The Commission agrees to give Borrower written notice of its approval or disapproval following submission of items to the Commission for approval, including, in the case of any disapproved item, the reasons for such disapproval. Any review or approval of any matter by the Commission or any Commission official or employee under this Agreement shall be solely for the benefit of the Commission, and neither Borrower nor any other person shall rely upon such review or approval as an indication of the wisdom, soundness, safety, appropriateness, or presence or absence of any matter. Without limiting the generality of the foregoing, Borrower and not the Commission shall be solely responsible for assuring compliance with laws, and the operation of the project.

30. GOOD FAITH AND FAIR DEALING.

Commission and Borrower agree to perform all of their obligations and the actions required of each hereunder in good faith and in accordance with fair dealing.

31. ASSIGNMENT OF INTEREST IN THE SITE OR THE PROJECT.

31.1 Without the prior written approval of the Commission (or the Commission's Executive Director), which approval the Commission may withhold in its sole and absolute discretion, Borrower shall not (i) sell, encumber, assign or otherwise transfer (collectively, "Transfer") all or any portion of its interest in the Site or the Project (excluding Borrower leases pursuant to the terms hereof), (ii) permit the Transfer of greater than 49% of its ownership and/or control, in the aggregate, taking all transfers into account on a cumulative basis; or (iii) Transfer any of its rights or obligations under the Loan Documents. Notwithstanding the foregoing, Commission hereby consents to the events described in the last paragraph of Section 31.2 hereof, if applicable, without Borrower obtaining any further consent from the Commission. Borrower hereby agrees that any purported Transfer not approved by the Commission as required herein shall be ipso facto null and void, and no voluntary or involuntary successor to any interest of Borrower under such a proscribed Transfer shall acquire any rights pursuant to this Agreement.

31.2 At any time Borrower desires to effect a Transfer hereunder, Borrower shall notify the Commission in writing (the "Transfer Notice") and shall submit to the Commission for its prior written approval (i) all proposed agreements and documents (collectively, the "Transfer Documents") memorializing, facilitating, evidencing and/or relating to the circumstances surrounding such proposed Transfer, and (ii) a certificate setting forth representations and warranties by Borrower and the proposed transferee to Commission sufficient to establish and insure that all requirements of this Section 31 have been and will be met. No Transfer Documents shall be approved by Commission unless they expressly provide for the assumption by the proposed transferee of all of Borrower's obligations under the Loan Documents. The Transfer Notice shall include a request that Commission consent to the proposed Transfer. Commission agrees to make its decision on Borrower's request for consent to such Transfer, as promptly as possible, and, in any event, not later than thirty (30) days after Commission receives the last of the items required by this Section 29. In the event Commission consents to a proposed Transfer, then such Transfer shall not be effective unless and until Commission receives copies of all executed and binding Transfer Documents which Transfer Documents shall conform with the proposed Transfer Documents originally submitted by Borrower to Commission. From and after the effective date of any such Transfer, Borrower shall be released from its obligations under the Loan Documents accruing subsequent such effective date.

31.3 Notwithstanding anything in this Agreement, Borrower agrees that it shall not be permitted to make any Transfer, whether or not Commission consent is required therefore and even if Commission has consented thereto, if there exists an Event of Default under this Agreement at the time the Transfer Notice is tendered to Commission or at any time thereafter until such Transfer is to be effective.

31.4 The provisions of this Section 31 shall apply to each successive Transfer and proposed transferee in the same manner as initially applicable to Borrower under the terms set forth herein.

## 32. ACCESS AND RETENTION OF RECORDS.

Borrower shall provide access to the Commission, the Federal Grantor agency, the Comptroller General of the United States, or any of their duly authorized representatives to any books, documents, papers and records of the Borrower which are directly pertinent to this Agreement for the purpose of making audits, examinations, excerpts and transcriptions.

The Borrower is required to retain the aforementioned records for a period of five years after the Commission pays the final payment and other pending matters are closed under this Agreement. Records described in Section 12.3 concerning tenancies shall be retained for at least 5 years after the due date (with extensions) for filing the federal income tax return for that year.

(Remainder of Page Intentionally Left Blank)

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date and year first above written.

**COMMUNITY DEVELOPMENT COMMISSION OF  
THE COUNTY OF LOS ANGELES**

By: \_\_\_\_\_  
Carlos Jackson, Executive Director

Date: \_\_\_\_\_

**APPROVED AS TO FORM:**

Raymond G. Fortner, Jr., County Counsel

By: \_\_\_\_\_  
Deputy

Date: \_\_\_\_\_

**BORROWER:**

**WOODS FAMILY HOUSING PARTNERS, L.P.**  
a California Limited Partnership

By: SOUTHERN CALIFORNIA HOUSING  
DEVELOPMENT CORPORATION OF LOS  
ANGELES, a California non-profit corporation, its  
General Partner

By: \_\_\_\_\_  
Richard J. Whittingham,  
Chief Financial Officer

Date: \_\_\_\_\_

**SELLER:**

**NATIONAL COMMUNITY RENAISSANCE OF  
CALIFORNIA**, a California Corporation

By: \_\_\_\_\_  
(signature)

\_\_\_\_\_  
(print name and title)

Date: \_\_\_\_\_



## **TABLE OF EXHIBITS**

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**EXHIBIT "A" TO LOAN AGREEMENT**

**DIRECTORY OF DEFINED TERMS**  
**(HOME LOAN - PROJECT NO. \_\_\_\_\_)**  
**(INDUSTRY LOAN - PROJECT NO. \_\_\_\_\_)**

Each of the following terms is defined in the section of the Loan Agreement referenced in parentheses.

Affordable Housing Cost (Section 12.2)  
 Agreement (Preamble)  
 Annual Statement (Section 11.5)  
 Applicable Governmental Restrictions  
 (Section 11.1)  
 Applicable Percentage (Section 4.4)  
 Area Median Income (Section 12.2)  
 Assignment (Section 4.4)  
 Assisted Units (Section 12.2)  
 Basic Rate (Section 4.2)  
 Borrower (Preamble)  
 CC&Rs (Section 0(f))  
 Claims (Section 11.6)  
 Close of Escrow (Section 8.3)  
 Closing Conditions (Section 8)  
 Closing Deadline (Section 8)  
 Closing Statement (Section 8)  
 Commercial Space (Section 12.6)  
 Commission (Preamble)  
 Completion of the Project (Section 11.12)  
 Construction Contract (Section 8)  
 Construction Funds (Section 1.3)  
 Construction Requirements (Section 8)  
 County (Section 11.13)  
 Deeds of Trust (Section 7)  
 Default Rate (Section 4.2)  
 Design Guidelines (Section 8)  
 Developer (Section 1.2)  
 Eligible Person(s) (Section 12.2)  
 Escrow (Section 8.1)  
 Escrow Holder (Section 8.1)  
 Event of Default (Section 17.1)  
 Forty-Five Percent Income Households  
 (Section 12.2)  
 General Contractor (Section 8)  
 Grant Deed (Section 2.4)  
 Gross Rents (Section 9.9)  
 Ground Lease (Recital A)  
 Hazardous Materials (Section 11.9)  
 HOME-Assisted Units (Transaction  
 Summary)  
 HOME Funds (Recital A)  
 HOME Loan (Recital A)  
 HOME Note (Section 4.1)  
 Industry-Assisted Units (Transaction  
 Summary)  
 Industry Funds (Recital C)

Industry Loan (Recital C)  
 Industry Note (Section 4.1)  
 Junior Financing (Recital E)  
 LESLI (Section 11.10)  
 Loan Documents (Section 8)  
 Loans (Recital C)  
 Low-Income Households (Section 12.2)  
 Management Contract (Section 12.4)  
 Management Entity (Section 12.4)  
 Manager (Section 12.4)  
 Maintenance Agreement (Section 3)  
 Maturity Date (Section 4.3)  
 Memorandum of Lease (Section 0(c))  
 Net Proceeds (Section 4.4)  
 Net Refinancing Proceeds (Section 4.4)  
 Notes (Section 4.1)  
 Other Financing (Recital E)  
 Parties (Preamble)  
 Party (Preamble)  
 Permanent Financing (Section 1.3)  
 Permitted Senior Encumbrances  
 (Section 8)  
 Plans (Section 12.5)  
 Project (Recital A)  
 Property (Section 7)  
 Purchase Price (Section 2.2)  
 Refinancing (Section 4.4)  
 Residual Receipts (Section 4.3)  
 Seller (Recital E)  
 Senior Financing (Recital E)  
 Site (Recital A)  
 Site Additions (Section 1.2)  
 Sixty Percent Income Households (Section  
 12.2)  
 Subordination Agreement (Section 0(k))  
 Term (Section 4.3)  
 Title Company (Section 8)  
 Title Conveyance (Section 2.4)  
 Thirty Percent Income Households (Section  
 12.2)  
 Transfer (Section 31.1)  
 Transfer Documents (Section 31.2)  
 Transfer Notice (Section 31.2)  
 Very Low-Income Households (Section  
 12.2)  
 Very Very Low-Income Households (Section  
 12.2)

**EXHIBIT "B" TO LOAN AGREEMENT  
LEGAL DESCRIPTION OF THE SITE**

(HOME LOAN - PROJECT NO. \_\_\_\_\_)  
(INDUSTRY LOAN - PROJECT NO. \_\_\_\_\_)

LOTS 169, 170, 171, 172, 173, 174, 175 AND 176 IN TRACT NO. 10665, IN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 164 PAGES 9 TO 12 INCLUSIVE OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPTING THEREFROM LOTS 169, 170, 171 AND 172 ALL MINERALS, GAS, OIL, PETROLEUM, NAPHTHA AND OTHER HYDROCARBON SUBSTANCES IN AND UNDER THE ABOVE DESCRIBED PROPERTY, TOGETHER WITH ALL NECESSARY AND CONVENIENT RIGHTS TO EXPLORE FOR, DEVELOP, PRODUCE, EXTRACT AND TAKE THE SAME, INCLUDING THE EXCLUSIVE RIGHT TO DIRECTIONALLY DRILL INTO AND THROUGH SAID LAND FROM OTHER LANDS AND INTO THE SUBSURFACE OF OTHER LANDS, SUBJECT TO THE EXPRESS LIMITATION THAT ANY AND ALL OPERATIONS FOR THE EXPLORATION, DEVELOPMENT, PRODUCTION, EXTRACTION, AND TAKING OF ANY OF SAID SUBSTANCES SHALL BE CARRIED ON AT LEVELS BELOW THE DEPTH OF 500 FEET FROM THE SURFACE OF THE ABOVE DESCRIBED PROPERTY, BY MEANS OF MINES, WELLS, DERRICKS, AND/OR OTHER EQUIPMENT FROM SURFACE LOCATIONS ON ADJOINING OR NEIGHBORING LAND LYING OUTSIDE OF THE ABOVE DESCRIBED PROPERTY, AND SUBJECT FURTHER TO THE EXPRESS LIMITATION THAT THE FOREGOING RESERVATION SHALL IN NO WAY BE INTERPRETED TO INCLUDE ANY RIGHT OF ENTRY IN AND UPON THE SURFACE OF THE ABOVE DESCRIBED STRIP OF LAND, AS WAS RESERVED BY WELLS FARGO BANK AMERICAN TRUST COMPANY, A CORPORATION, ET AL, IN DEED RECORDED MARCH 1, 1961 AS INSTRUMENT NO. 4239, IN BOOK D-1140 PAGE 258, OFFICIAL RECORDS, AND AS RESERVED BY EDWARD HELLMAN HELLER, ET AL., IN DEED RECORDED AUGUST 24, 1961 AS INSTRUMENT NO. 1747, IN BOOK D-1332 PAGE 594, OFFICIAL RECORDS.

**EXHIBIT "C" TO LOAN AGREEMENT  
HOME NOTE**

(HOME LOAN - PROJECT NO. \_\_\_\_\_)  
(INDUSTRY LOAN - PROJECT NO. \_\_\_\_\_)

(Please See Attached)

## EXHIBIT "C" TO LOAN AGREEMENT

### HOME PROMISSORY NOTE

HOME PROGRAM - PROJECT NO. HE00XX  
INDUSTRY FUND - PROJECT NO. YY11XX

\$2,157,125

\_\_\_\_\_, 200\_\_\_\_\_

For value received, the undersigned, Woods Family Housing Partners, L.P., a California Limited Partnership ("Borrower") whose principal address is set forth hereinbelow, promises to pay to the order of the COMMUNITY DEVELOPMENT COMMISSION OF THE COUNTY OF LOS ANGELES, a public body corporate and politic ("Commission") at Two Coral Circle, Monterey Park, California 91755-7425 (or to such designee and/or at such other address as the Commission may from time to time designate in writing), the principal sum of Two Million One-Hundred Fifty-Seven Thousand One-Hundred and Twenty-Five DOLLARS (\$2,157,125) (the "Loan"), or such amount as may be advanced hereunder, plus accrued and unpaid interest as provided hereinbelow, and all other charges due hereunder, in accordance with the terms and conditions of that certain Loan Agreement dated as of \_\_\_\_\_, 200\_\_\_\_\_, entered into between Borrower and the Commission (the "Loan Agreement"), and the terms and conditions of this Promissory Note (this "Note"). As set forth in greater detail in the Loan Agreement, the purpose of the Loan is to provide Borrower with construction and permanent financing in connection with a housing project ("Project") on a site more particularly described in the Loan Agreement ("Site").

#### 1. Interest.

1.1 Basic Interest. Except as provided in Section 1.4 below, the disbursed and unpaid principal balance of the Loan shall bear interest commencing on the date on which the Loan proceeds are first disbursed for the account of Borrower, and ending on the date paid, at the rate of three percent (3%) per annum, simple interest ("Basic Rate"). Interest shall be computed on the basis of actual number of days elapsed and a 360-day year.

#### 1.2 Payment Dates and Amounts.

1.2.1 Except as otherwise provided in this Note, Borrower shall repay the Loan, together with accrued interest at the Basic Rate in arrears, in annual installments on March 15th of each calendar year for the previous calendar year, commencing on March 15, 2011. Absent prepayment or acceleration, each of the annual payments due March 15, 2011 through and including March 15, 2065 ("Maturity Date") shall be in an amount equal to nineteen percent (19.0%) of "Residual Receipts" for the prior calendar year, as defined herein. The balance of the Residual Receipts shall be allocated as follows: Commission Industry Loan (as defined in the Loan Agreement) (18%), State HCD TOD Loan (13%), Borrower (50.0%). Residual Receipts shall be calculated and reported to the Commission annually for each calendar year no later than March 15th of the following calendar year on forms specified and provided by the Commission from time to time. All calculations and records are subject to audit by the Commission. Notwithstanding any other provision of this Note, unless due sooner, the entire

outstanding principal balance of the Loan together with any outstanding interest and any other sums payable under this Note shall be due and payable in full on the Maturity Date

Notwithstanding anything to the contrary in this Section 1.2, obligations of Borrower accruing or to be performed in any calendar year may be deemed to accrue or be performed in the Borrower's fiscal year, subject to the approval of the Commission's Executive Director, which approval may be withheld in the Executive Director's sole and absolute discretion.

1.2.2 Deferred Developer Fee. For calendar years 2010 through 2020, prior to making the annual installment of Residual Receipts to the Commission (as described above), Borrower shall make payments towards the Deferred Developer Fee. The "Deferred Developer Fee" is defined as the amount of developer fee deferred for payment following Completion of the Project. The amount of Deferred Developer Fee is shown in the project proforma included as Exhibit J to the Loan Agreement. At Completion of the Project, the Deferred Developer Fee is to be adjusted to the actual amount of the developer fee deferred, except that any increases must be reviewed and approved by the Commission.

1.3 Calculation of Residual Receipts. Borrower shall provide to the Commission for inspection and copying any records, receipts, account books, ledgers, checks, or other documents or other evidence requested by the Commission for the purpose of verifying Borrower's calculation of Residual Receipts, and shall promptly pay to the Commission any further amount due but not paid as a result of any miscalculation by Borrower. In no event shall any Loan payment attributable to an Event of Default (as hereafter defined) or acceleration be deferred.

1.4 Default Rate. Any amounts (including but not limited to amounts of principal and interest on the Loan) which Borrower does not pay when due under the terms of the Loan Agreement or this Note shall bear interest at the rate of ten percent (10%) per annum, simple interest ("Default Rate"), from the date due until the date paid.

1.5 Definition of Residual Receipts.

1.5.1 "Residual Receipts" shall mean, with respect to each calendar year, the amount by which "Gross Rents," as defined herein, for such calendar year exceed the "Operating Expenses", as defined herein, for that calendar year.

1.5.2 With the exception of the "Excluded Items" (as defined below), "Gross Rents" shall mean, with respect to each calendar year or portion thereof, all gross income, rentals, revenues, payments and consideration, of whatever form or nature, whether direct or indirect, received by or paid to or for the account or benefit of Borrower or any "Affiliate" (as defined below) of Borrower or any of their agents or employees, from any and all sources, resulting from or attributable to the ownership, operation, leasing and occupancy of the Project, determined on the basis of generally accepted accounting principles applied on a consistent basis, and shall include, but not be limited to:

(i) gross rentals paid by occupancy tenants of the Project under occupancy leases and payments and subsidies of whatever nature, including without limitation any payments, vouchers or subsidies from the United States Department of Housing and Urban



Development (HUD) or any other person or organization, received on behalf of tenants under occupancy leases;

(ii) amounts paid to Borrower or any Affiliate of Borrower on account of "Operating Expenses" (as defined herein) for further disbursement by Borrower or such Affiliate to a third party or parties;

(iii) late charges and interest paid on rentals;

(iv) rents and receipts from licenses, concessions, vending machines, coin laundry and similar sources;

(v) other fees, charges or payments not denominated as rental but payable to Borrower in connection with the rental of office, retail, storage, or other space in the Project; and

(vi) consideration received in whole or in part for the cancellation, modification, extension or renewal of occupancy leases.

The term "Affiliate" shall mean any person or entity directly or indirectly, through one or more intermediaries, controlling, controlled by or under common control with Borrower which, if Borrower is a partnership or limited liability company, shall include each of the constituent members or partners, respectively, thereof. The term "control" as used in the immediately preceding sentence, means, with respect to a person that is a corporation, the right to exercise, directly or indirectly, more than fifty percent (50%) of the voting rights attributable to the shares of the controlled corporation, and, with respect to a person that is not a corporation, possession directly or indirectly of the power to direct or cause the direction of the management or policies of the controlled person. Notwithstanding the foregoing, Gross Rents shall not include the following items ("Excluded Items"):

(aa) security deposits from tenants (except when applied by Borrower to rent or other amounts owing by tenants);

(bb) capital contributions to Borrower or its members, partners or shareholders by its or their members, partners or shareholders;

(cc) condemnation or insurance proceeds constituting 'Net Proceeds' as defined in Section 1.6 below; and

(dd) funds received from any source (including but not limited to the Senior Financing and any Junior Financing or Other Financing) actually and directly used for acquisition and/or initial development of the Project.

1.5.3 "Operating Expenses" shall mean, with respect to each calendar year or portion thereof, the sum of the following expenses to the extent reasonably paid by Borrower during such period:

(i) nonelective payments made with respect to the Senior Financing;

(ii) all taxes and assessments imposed upon the Project and required to be paid by Borrower but only to the extent such taxes and assessments are paid or set aside as a reserve by Borrower during such calendar year;

(iii) all amounts paid or set aside as a reserve by Borrower on account of insurance premiums for insurance carried in connection with the Project, provided that if insurance on the Project is maintained as part of a blanket policy covering the Project and other properties, the insurance premium included in this definition shall be the portion of the premium fairly allocable to the Project for the period;

(iv) ownership and operating costs incurred by Borrower for the management, operation, cleaning, leasing, marketing, maintenance and repair of the Project (including without limitation, property management fees and administrative fees) properly chargeable against income according to generally accepted accounting principles, including without limitation wages, payroll and accounting costs, utility and heating charges, material costs, maintenance costs, costs of services, water and sewer charges, travel expenses allocable to the Project, supportive service coordinator salary as noted in Exhibit K of the Loan Agreement (noted as "social service coordination"), plus annual escalations in amounts approved by the Commission, and license fees and business taxes; provided, however, that (A) the amount included as property management fees in Operating Expenses shall collectively not exceed six percent (6%) of Gross Rents from the Project for such period, all or a portion of each of which may be paid to Borrower and/or an Affiliate of Borrower, (B) such property management fee shall only be paid on the basis of supporting documentation reasonably acceptable to the Commission, and shall be paid after the payment of all other Operating Expenses, (C) partnership management fees and other fees payable to a partner in a tax credit limited partnership shall only be considered Operating Expenses to the extent they do not exceed \$15,000 in the aggregate, plus annual escalations of 3.5%, in any year, and (D) total ownership and operating costs do not exceed industry standards as approved by the Commission;

(v) Replacement Reserve set aside for replacement of roofing, furniture, fixtures, equipment, and other capital expenditures, in an annual amount equal to the greater of: (a) \$300.00 per unit, (b) such higher amount per unit as may be required by a tax credit investor or (c) holder of Senior Financing or established from time to time by mutual agreement of the Parties; and

(vi) to the extent not otherwise included in Operating Expenses, amounts paid from any account as a reserve account for the purpose for which such reserve was created so long as such purpose would constitute an Operating Expense.

1.5.4 Notwithstanding any provision of Section 1.5.3, the term "Operating Expenses" shall not include any of the following:

(i) salaries of employees of Borrower or Borrower's general overhead expenses, or expenses, costs and fees paid to an Affiliate of Borrower, to the extent any of the foregoing exceed the expenses, costs or fees that would be payable in a bona fide arms' length transaction between unrelated parties in the Los Angeles-Orange County area for the same work or services;

(ii) any amounts paid directly by a tenant of the Project to a third party in connection with expenses which, if incurred by Borrower, would be Operating Expenses;

- (iii) optional or elective payments with respect to the Senior Financing;
- (iv) any payments with respect to Junior Financing, Other Financing, or any other Project-related loan or financing other than the Senior Financing; or
- (v) expenses, expenditures, and charges of any nature whatsoever arising or incurred by Borrower prior to completion of the Project with respect to the development, maintenance and upkeep of the Project, or any portion thereof, including, without limitation, all costs and expenses incurred by Borrower in connection with the acquisition of the Property, all predevelopment activities conducted by Borrower in connection with the Project, including without limitation, the preparation of all plans and the performance of any tests, studies, investigations or other work, and the construction of the Project and any on-site or off-site work in connection therewith.

#### 1.5.5 Reserves.

##### (a) Definitions.

(i) "Operating Reserve" shall equal \$123,831 plus accumulated interest paid on the balance in the Operating Reserve Account (as hereinafter defined) and be set aside for:

- (1) taxes and assessments, as described in Section 1.5.3(ii);
- (2) insurance premiums, as described in Section 1.5.3(iii);
- (3) operation of the Project as may, for reasons other than those described in this Subpart (a)(ii) of this Section 1.5.5, be required in connection with Senior Financing or by an investor limited partner; and
- (4) any other purpose which itself constitutes an Operating Expense.

The Operating Reserve shall be funded from the Loan and/or any of the other project financing sources shown in the Transaction Summary of the Loan Agreement.

(ii) "Replacement Reserve" shall mean funds reserved, in the amount of and as provided for in Section 1.5.3(v), including accumulated interest paid on the balance in the Replacement Reserve Account (as hereinafter defined), and actually set aside for capital expenditures.

(iii) "Reserve Account" shall mean a separate account for the Operating Reserve ("Operating Reserve Account") and/or Replacement Reserve ("Replacement Reserve Account"), as the case may be (either sometimes referred to as a "Reserve Account"), established with a financial institution or other duly licensed escrow agent mutually acceptable to the Parties ("Escrow Agent").

(iv) "Reserves" shall mean the Operating Reserve and Replacement Reserve, collectively.

(b) Release of Reserves. Reserves shall not be released to Borrower out of the Reserve Account unless and until:

(i) the Borrower has submitted to the Commission:

(A) a written disbursement request ("Disbursement Request") seeking the release of funds out of the Reserve Account for the particular expenditure(s) and with respect to the Reserve Period designated in the applicable Reserve Request previously approved by the Commission;

(B) supporting documentation establishing, in the Commission's sole determination, that but for the release of the funds requested in the Disbursement Request, sufficient funds would not otherwise be available to the Borrower for the designated expenditure(s); and

(ii) the Commission has, in its sole and absolute discretion, approved in writing the Disbursement Request.

(f) Investment of Reserve Account. Funds in any Reserve Account established pursuant to this Section 1.5.5 shall be deposited in a banking institution whose deposits are insured by an agency of the federal government. Borrower may invest funds in a Reserve Account in domestic bank certificates which are insured by an agency of the federal government; in direct obligations of the federal government; in federal government agencies with an AA rating or better; federally guaranteed agencies, or in repurchase agreements which are direct obligations of the federal government or federal agencies; or which are collateralized by federal government obligations; or in short-term commercial paper receiving the highest rating from Moody's or from Standard and Poors. Borrower shall select the investment vehicles and maturities (not to exceed five years) on such investments so as to yield the maximum return, consistent with good business practice, including the need for available cash in the Reserve Account.

1.6 In addition to the payments provided in Section 1.2 above, and subject to the terms of the Senior Financing, Borrower shall pay to the Commission towards (but not to exceed) any outstanding amounts associated with the Loan: (a) no later than the date of close of escrow or other consummation of any Assignment other than a Minor Assignment, the Applicable Percentage of the Net Proceeds of such Assignment; and (b) no later than the recording of a Refinancing, fifty percent (50%) of the Net Refinancing Proceeds received from any such Refinancing.

A "Minor Assignment" shall mean any lease of an individual unit in the Project for occupancy by a residential tenant and in the ordinary course of business for operation of the Project.

"Applicable Percentage" shall mean fifty percent (50%); provided, however, that the term Applicable Percentage shall mean one hundred percent (100%) with respect to a payment on the Loan attributable in whole or in part to a condemnation of, or event of damage, destruction or casualty with respect to, the Site, the Project or any portion of either.

"Assignment" means any voluntary or involuntary conveyance, disposition, assignment, taking, casualty, encumbrance (other than a Refinancing as defined below or the creation of the Senior Financing or any other Project Loan or limited partner contribution, the proceeds of which are used solely for initial acquisition of the Site by Borrower or initial development of the Project), sublease, sale, license, concession, management agreement, operating agreement, transfer or similar transaction with respect to any direct or indirect interest or economic benefit of any person or entity in connection with the Project or the use or occupancy of the Site including, without limitation, any Transfer by Borrower of all or any portion of its rights under or interest in the Project or the Site, any change of ownership or control of Borrower, any condemnation or taking of the Site or the Project or any portion thereof, any event of damage to or destruction of the Site or the Project, any foreclosure of Borrower's interest in the Project or the Site, whether by judicial proceedings, or by virtue of any power contained in a deed of trust, indenture or other instrument creating a lien against the Site or the Property, or any assignment of Borrower's estate in the Project or the Site through, or in lieu of, foreclosure or other appropriate and bona fide proceedings in the nature thereof; provided, however, that the term "Assignment" as used herein shall not include bona fide transfers of an ownership interest in Borrower to any Affiliate of Borrower, so long as the consideration paid to the selling partner, member or shareholder on account of such transfer does not exceed the actual amount paid by such partner, member or shareholder for its ownership interest plus reimbursement for any out-of-pocket expenses incurred by such partner, member or shareholder in connection with its acquisition of such ownership interest.

"Net Proceeds" of an Assignment shall mean (1) the proceeds received, directly or indirectly, by Borrower or any Affiliate or constituent member or partner, or majority shareholder, of Borrower or any Affiliate as a result of such Assignment, including, without limitation, cash, the amount of any monetary lien or encumbrance assumed or taken subject to by the assignee, the fair market value of any noncash consideration, including the present value of any promissory note received as part of the proceeds of such Assignment (such present value to be determined based upon a discount rate reasonably satisfactory to the Commission), the entire condemnation award or compensation payable to Borrower or any Affiliate or constituent member or partner, or majority shareholder, of Borrower or any Affiliate in connection with a condemnation or taking in eminent domain of any part of the Site or the Project or any interest therein, all insurance proceeds or awards payable to Borrower or any Affiliate or constituent member or partner or majority shareholder of Borrower or any Affiliate in connection with any damage to or destruction of the Site or the Project or any part thereof not used for project restoration; less (2) the sum of (i) the actual, documented and reasonable expenses of effecting such Assignment, including reasonable brokerage commissions, title insurance premiums, documentary transfer taxes, and reasonable attorneys' fees, in each case actually paid in connection with the Assignment (provided that no deduction shall be allowed for payments to an Affiliate of the person or entity making the Assignment which are in excess of the amount that would be paid for the same or equivalent services in an arms' length transaction between unrelated parties acting reasonably), and (ii) the amount of any proceeds of the Assignment paid (excluding voluntary payments) towards the then-outstanding balance of the Senior Financing. Notwithstanding anything above to the contrary, the permissible deductions for purposes of calculating the Net Proceeds of an Assignment shall not include any foreign, U.S., state or local income taxes, franchise taxes, or other taxes based on income.

"Refinancing" shall mean creation or substantial modification of a loan ("Project Loan") secured by an encumbrance on the Site, the Project, or any portion thereof. The term "Refinancing" shall not include the creation of the Senior Financing or any other Project Loan,

the proceeds of which are used solely for initial acquisition of the Site by Borrower or initial development of the Project.

"Net Refinancing Proceeds" shall mean the gross face amount of the Project Loan obtained in connection with such Refinancing, after: (1) payment of the actual, documented and reasonable expenses of such Refinancing, including escrow fees, title policy expenses, legal expenses, survey fees, recording fees, commissions, and other usual and reasonable expenses of any such Refinancing (provided, that no deduction shall be allowed for payments in connection with such Refinancing which are in excess of the amounts that would be paid for the same or equivalent services in an arms' length transaction between unrelated parties acting reasonably); and (2) deduction of amounts repaid (excluding voluntary payments) in connection with the Refinancing towards amounts outstanding under the Senior Financing.

2. Acceleration.

Notwithstanding the payment terms set forth in Section 1 above, upon the occurrence of any "Event of Default" as set forth in Section 9 below, the entire outstanding principal balance of this Note, together with any outstanding interest and other amounts payable hereunder, shall, at the election of the Commission and upon notice to Borrower thereof become immediately due and payable without presentment, demand, protest or other notices of any kind, all of which are hereby waived by Borrower.

3. Prepayment; Application of Payments.

At any time after the disbursement of the Loan proceeds, Borrower may prepay all or a portion of the unpaid principal amount of the Loan and accrued interest and any other sums outstanding without penalty. All payments, including any prepayments or funds received upon acceleration pursuant to Section 2 above, shall be applied first toward any outstanding costs of collection or other amounts (excluding Loan principal or interest thereon) due under this Note or the Loan Agreement, then toward outstanding interest accrued at the Default Rate, if any, then toward outstanding interest accrued at the Basic Rate, if any, and finally toward the remaining principal balance under the Note.

4. Security and Source of Payment.

Borrower's obligations under this Note and the Loan Agreement shall, at all times during which any amount remains outstanding, be secured by the deed of trust ("Deed of Trust") of even date herewith, and of which the Commission is the beneficiary, recorded against Borrower's fee interest in the Site and the Project (collectively, the "Property"). The security interest in the Property granted to the Commission pursuant to the Deed of Trust shall be subordinate only to the Senior Financing and such exceptions to title shown in the title report for the Property which are approved in writing by the Commission. Except to the extent any Event of Default hereunder results directly or indirectly from any fraud or intentional and material misrepresentation by Borrower in connection with this Note, the Loan Agreement or the Loan, the Loan is a nonrecourse obligation of Borrower and, in the event of the occurrence of an Event of Default, the Commission's only recourse under the Deed of Trust shall be against the Property, the proceeds thereof, the rents and other income arising from its use and occupancy as provided in the Deed of Trust, and any other collateral given to the Commission as security for repayment of the Loan.

5. Obligation of Borrower Unconditional.

The obligation of Borrower to repay the Loan and all accrued interest thereon and all other sums due thereunder shall be absolute and unconditional, and until such time as all of the outstanding principal of, interest on and all other sums due under, this Note shall have been fully paid, Borrower agrees that it: (a) will use the funds solely for the purposes set forth herein; and (b) will not terminate or suspend any payment or obligations under this Note, the Loan Agreement, or any other document executed hereunder or in connection herewith for any cause, including without limitation, any acts or circumstances that may constitute failure of consideration, commercial frustration of purpose, or any duty, liability or obligation arising out of or in connection with this Note, the Loan Agreement or any document executed hereunder or in connection herewith.

6. Purpose of Loan.

The Loan proceeds shall be used by Borrower only to provide construction and permanent financing for the housing development described in the Loan Agreement. In no event shall Borrower use or otherwise invest the proceeds of the Loan except as expressly provided in this Note.

7. Covenants of Borrower.

As additional consideration for the making of the Loan by the Commission, Borrower covenants as follows:

7.1 Compliance with Loan Agreement and Deed of Trust. Borrower shall comply with all of its obligations under the Loan Agreement and the Deed of Trust. Any amounts payable by Borrower under the Loan Agreement or the Deed of Trust (other than amounts also payable hereunder) shall be deemed added to the principal amount of the Loan payable hereunder.

7.2 Other Loans. Borrower shall comply with all monetary and nonmonetary covenants associated with any loan secured by an interest in the Site or the Project. Borrower shall provide to the Commission a copy of any notice of default within five business days after receiving any notice of a default or alleged default of such covenants by Borrower, and Borrower shall promptly cure any such default and cooperate in permitting the Commission, to the extent the Commission in its sole discretion elects to do so, to cure or assist in curing the default. Any cost or expenditure incurred by the Commission in providing or assisting in such a cure shall be added to the outstanding principal amount of the Loan.

8. Assignment of this Note.

This Note shall be assignable by Borrower only if Borrower obtains the prior express written consent of the Commission, which consent may be withheld by the Commission in its sole discretion. Notwithstanding anything to the contrary in this Note, no purported assignment of this Note and the Loan shall be effective if such assignment would violate the terms, conditions and restrictions of any Applicable Governmental Restrictions. The Commission's consent to such assignment shall be expressly conditioned upon (i) the assignee's execution of such documents as required by the Commission in its sole discretion, including, without limitation, any and all documents deemed necessary by the Commission to provide for said assignee's assumption of all of the obligations of Borrower hereunder and under the Loan Documents, and (ii) the Commission's approval of the financial and credit worthiness of such proposed assignee and the assignee's ability to perform all of the Borrower's covenants under this Note and the Loan Agreement and any of the other Loan Documents. With respect to projects funded through an allocation of state and/or federal low income housing tax credits, the Commission has pre-approved certain transfers as provided in the last paragraph of Section 14 of the Loan Agreement.

9. Events of Default and Remedies.

A. Borrower Events of Default. The occurrence of any of the following shall, after the giving of any notice and the expiration of any applicable cure period described therein, constitute an event of default by Borrower hereunder ("Event of Default"):

(1) The failure of Borrower to pay or perform any monetary covenant or obligation hereunder or under the terms of the Deed of Trust or the Loan Agreement, without curing such failure within ten (10) days after receipt of written notice of such default from the Commission (or from any party authorized by the Commission to deliver such notice as identified by the Commission in writing to Borrower). Notwithstanding anything herein to the contrary, the herein described cure period shall not apply to a failure by Borrower to timely repay the Loan at the Maturity Date of this Note;

(2) The failure of Borrower to perform any nonmonetary covenant or obligation hereunder or under the terms of the Deed of Trust or the Loan Agreement, without curing such failure within thirty (30) days after receipt of written notice of such default from the Commission (or from any party authorized by the Commission to deliver such notice as identified by the Commission in writing to Borrower) specifying the nature of the event or deficiency giving rise to the default and the action required to cure such deficiency; provided, however, that if any default with respect to a nonmonetary obligation is such that it cannot be cured within a 30-day period, it shall be deemed cured if Borrower commences the cure within said 30-day period and diligently prosecutes such cure to completion thereafter with the cure completed in any event within 180 days after the notice. Notwithstanding anything herein to the contrary, the herein described notice cure periods shall not apply to any Event of Default described in Sections 9(A)(3) through 9(A)(8) below;

(3) The material falsity of any representation or breach of any warranty or covenant made by Borrower under the terms of this Note, the Loan Agreement or the Deed of Trust;



(4) Borrower or any constituent member or partner, or majority shareholder, of Borrower shall (a) apply for or consent to the appointment of a receiver, trustee, liquidator or custodian or the like of its property, (b) fail to pay or admit in writing its inability to pay its debts generally as they become due, (c) make a general assignment for the benefit of creditors, (d) be adjudicated a bankrupt or insolvent or (e) commence a voluntary case under the Federal bankruptcy laws of the United States of America or file a voluntary petition that is not withdrawn within ten (10) days of the filing thereof or answer seeking an arrangement with creditors or an order for relief or seeking to take advantage of any insolvency law or file an answer admitting the material allegations of a petition filed against it in any bankruptcy or insolvency proceeding;

(5) If without the application, approval or consent of Borrower, a proceeding shall be instituted in any court of competent jurisdiction, under any law relating to bankruptcy, in respect of Borrower or any constituent member or partner or majority shareholder of Borrower, for an order for relief or an adjudication in bankruptcy, a composition or arrangement with creditors, a readjustment of debts, the appointment of a trustee, receiver, liquidator or custodian or the like of Borrower or of all or any substantial part of Borrower's assets, or other like relief in respect thereof under any bankruptcy or insolvency law, and, if such proceeding is being contested by Borrower, in good faith, the same shall (a) result in the entry of an order for relief or any such adjudication or appointment, or (b) continue undismissed, or pending and unstayed, for any period of ninety (90) consecutive days;

(6) Following completion of the construction of the Project, voluntary cessation of the operation of the Project for a continuous period of more than thirty (30) days or the involuntary cessation of the operation of the Project in accordance with this Note for a continuous period of more than sixty (60) days;

(7) Borrower shall suffer or attempt to effect a Transfer, in violation of Section 14 or Section 31 of the Loan Agreement; or

(8) Borrower shall be in default under the terms of the CC&Rs, Senior Financing, Junior Financing, Other Financing, the Supportive Services Agreement (if applicable under Section 7 of the Loan Agreement) or any other secured or unsecured obligation relating to the Project, unless the default is cured within the cure period, if any, applicable thereto under the terms of the obligation which is in default.

B. The Commission Remedies. Upon the occurrence of an Event of Default hereunder, the Commission may, in its sole discretion, take any one or more of the following actions:

(1) By notice to Borrower, declare the entire then unpaid principal balance of the Loan immediately due and payable, and the same shall become due and payable without further demand, protest or further notice of any kind, all of which are hereby expressly waived by Borrower. Upon such declaration, outstanding principal and (to the extent permitted by law) interest and any other sums outstanding in connection with the Loan shall thereafter bear interest at the Default Rate, payable from the date of such declaration until paid in full;

(2) Subject to the nonrecourse provisions of Section 4 above, take any and all actions and do any and all things which are allowed, permitted or provided by law, in equity or by statute, in the sole discretion of the Commission, to collect the amounts then due and thereafter to become due hereunder, to exercise its rights under the Deed of Trust, and to

enforce performance and observance of any obligation, agreement or covenant of the Borrower under this Note or under any other document executed in connection herewith;

(3) Subject to the nonrecourse provisions of Section 4 above, upon the occurrence of an Event of Default, which is occasioned by Borrower's failure to pay money, whether under this Note or the Loan Agreement, the Commission may, but shall not be obligated to, make such payment. If such payment is made by the Commission, Borrower shall deposit with the Commission, upon written demand therefor, such sum plus interest at the Default Rate. The Event of Default with respect to which any such payment has been made by the Commission shall not be deemed cured until such repayment has been made by Borrower. Until repaid, such amounts shall have the security afforded disbursements under this Note;

(4) Subject to the nonrecourse provisions of Section 4 above, upon the occurrence of an Event of Default described in Section 9(A)(4) or 9(A)(5) hereof, the Commission shall be entitled and empowered by intervention in such proceedings or otherwise to file and prove a claim for the whole amount owing and unpaid on the Loan and, in the case of commencement of any judicial proceedings, to file such proof of claim and other papers or documents as may be necessary or advisable in the judgment of the Commission and its counsel to protect the interests of the Commission and to collect and receive any monies or other property in satisfaction of its claim.

C. No Remedy Exclusive. No remedy herein conferred upon or reserved to the Commission is intended to be exclusive of any other available remedy or remedies, but each such remedy shall be cumulative and shall be in addition to every other remedy given under this Note or now or hereafter existing at law or in equity or by statute; and may be exercised in such number, at such times and in such order as the Commission may determine in its sole discretion. No delay or omission to exercise any right or power upon the occurrence of any Event of Default hereunder shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient by the Commission. In order to entitle the Commission to exercise any right or remedy reserved to it under this Note, no notice shall be required except as expressly provided herein.

D. Commission Default and Borrower Remedies. Upon fault or failure of the Commission to meet any of its obligations under this Note without curing such failure within thirty (30) days after receipt of written notice of such failure from Borrower specifying the nature of the event or deficiency giving rise to the default and the action required to cure such deficiency, Borrower may, as its sole and exclusive remedies:

(1) Demand and obtain payment from the Commission of any sums due to or for the benefit of Borrower pursuant to the express terms of this Note;

(2) Bring an action in equitable relief seeking the specific performance by the Commission of the terms and conditions of this Note or seeking to enjoin any act by the Commission which is prohibited hereunder; and

(3) Bring an action for declaratory relief seeking judicial determination of the meaning of any provision of this Note.

Without limiting the generality of the foregoing, Borrower shall in no event be entitled to, and hereby waives, any right to seek consequential damages of any kind or nature from the Commission arising out of or in connection with this Note, and in connection with such waiver Borrower is familiar with and hereby waives the provisions of Section 1542 of the California Civil Code which provides as follows: "A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR."

10. Intentionally Left Blank

11. Conflict of Interest; No Individual Liability.

No official or employee of the Commission shall have any personal interest, direct or indirect, in this Note, nor shall any official or employee of the Commission participate in any decision relating to this Note which affects such official's or employee's pecuniary interest in any corporation, partnership or association in which such official or employee is directly or indirectly interested. No official or employee of the Commission shall be personally liable in the event of a breach of this Note by the Commission.

12. Amendments, Changes and Modifications.

This Note may not be amended, changed, modified, or altered without the prior written consent of the parties hereto.

13. Notices.

All notices, demands, requests, elections, approvals, disapprovals, consents or other communications given under this Note shall be in writing and shall be given by personal delivery, facsimile, certified mail (return receipt requested), or overnight guaranteed delivery service and faxed or addressed as follows:

If to Commission:      Community Development Commission of the County of Los Angeles  
Two Coral Circle  
Monterey Park, California 91755-7425  
Attn: Executive Director  
Fax No. (323) 890-8576

With a copy to:      Community Development Commission of the County of Los Angeles  
Two Coral Circle  
Monterey Park, California 91755-7425  
Attn: Director of Housing Development and Preservation  
Fax No. 323-869-0946

If to Borrower:      Woods Family Housing Partners, L.P.  
10681 Foothill Blvd., Suite 220  
Rancho Cucamonga, CA 91730  
Attn: Richard J. Whittingham, Chief Financial Officer

Fax No. \_\_\_\_\_

With a copy to: The Southern California Housing Development Corporation of Los Angeles  
9065 Haven Avenue, Suite 100  
Rancho Cucamonga, CA 91730  
Attn: \_\_\_\_\_  
Fax No. \_\_\_\_\_

Notices shall be effective upon receipt, if given by personal delivery; upon receipt, if faxed, provided there is written confirmation of receipt (except that if received after 5 p.m., notice shall be deemed received on the next business day); the earlier of (i) three (3) business days after deposit with United States Mail, or (ii) the date of actual receipt as evidenced by the return receipt, if delivered by certified mail; and one (1) day after deposit with the delivery service, if delivered by overnight guaranteed delivery service. Each party shall promptly notify the other party of any change(s) of address to which notice shall be sent pursuant to this Note.

14. Severability.

The invalidity or unenforceability of any one or more provisions of this Note will in no way affect any other provision.

15. Interpretation.

Whenever the context requires, all words used in the singular will be construed to have been used in the plural, and vice versa, and each gender will include any other gender. The captions of the paragraphs of this Note are for convenience only and do not define or limit any terms or provisions. Time is of the essence in the performance of this Note by Borrower. Each Party has been represented by counsel in the negotiation of this Note, and it shall not be interpreted in favor of or against any Party on account of relative responsibilities in drafting. Notwithstanding any other provision of this Note, nothing herein or in this Note shall be deemed to require Borrower to pay interest in the amount of any applicable usury law or other legal limitation on interest, and the terms hereof and of this Note shall be interpreted to require in each instance the lesser of (i) the amount stated in this Note; and (ii) the maximum applicable legal limit. Defined terms not otherwise defined herein shall have the meaning assigned to them by the Loan Agreement.

16. No Waiver, Consents.

Any waiver by the Commission must be in writing and will not be construed as a continuing waiver. No waiver will be implied from any delay or failure by the Commission to take action on account of any default of Borrower. Consent by the Commission to any act or omission by Borrower will not be construed as consent to any other or subsequent act or omission or to waive the requirement for the Commission's consent to be obtained in any future or other instance.

17. Governing Law.

This Note shall be governed by the laws of the State of California.

18. Representations, Warranties and Additional Covenants of Borrower.

Borrower hereby represents, warrants and covenants to the Commission that:

A. Organization and Standing. Borrower is a California legal entity as described in the Transaction Summary set forth in the Loan Agreement, duly formed, qualified to operate in California and validly existing and in good standing under all applicable laws, and has all requisite power and authority to enter into and perform its obligations under this Note, the Loan Agreement, the Deed of Trust, the CC&Rs, and all other documents executed in connection herewith.

B. Enforceability. This Note and all other instruments to be executed by Borrower in connection with the Loan constitute the legal, valid and binding obligation of Borrower, without joinder of any other party.

C. Authorization and Consents. The execution, delivery and performance of this Note and all other instruments to be executed in connection herewith is consistent with the operating agreement, partnership agreement or articles and bylaws governing Borrower and have been duly authorized by all necessary action of Borrower's members, partners, directors, officers and shareholders.

D. Due and Valid Execution. This Note and all other instruments to be executed in connection herewith, will, as of the date of their execution, have been duly and validly executed by Borrower.

E. Licenses. Borrower will obtain and maintain all material licenses, permits, consents and approvals required by all applicable governmental authorities to own and operate the Project.

F. Litigation and Compliance. There are no suits, other proceedings or investigations pending or threatened against, or affecting the business or the properties of Borrower (other than those as have been previously disclosed in writing to the Commission) which could impair its ability to perform its obligations under this Note, nor is Borrower in violation of any laws or ordinances which could materially impair Borrower's ability to perform its obligations under this Note.

G. Default. There are no facts now in existence which would, with the giving of notice or the lapse of time, or both, constitute an "Event of Default" hereunder, as described in Section 9.

H. No Violations. The execution and delivery of this Note, the Loan Agreement and all other documents executed or given thereunder, and the performances hereunder and thereunder by Borrower, as applicable, will not constitute a breach of or default under any instrument or agreement to which Borrower may be a party nor will the same constitute a breach of or violate any law or governmental regulation.

19. Approvals.

Except with respect to those matters set forth hereinabove providing for the Commission's approval, consent or determination to be at the Commission's "sole discretion" or

"sole and absolute discretion," the Commission hereby agrees to act reasonably with regard to any approval, consent, or other determination given by the Commission hereunder. the Commission agrees to give Borrower written notice of its approval or disapproval following submission of items to the Commission for approval, including, in the case of any disapproved item, the reasons for such disapproval.

Any review or approval of any matter by the Commission or any the Commission official or employee under this Note shall be solely for the benefit of the Commission, and neither Borrower nor any other person shall rely upon such review or approval as an indication of the wisdom, soundness, safety, appropriateness, or presence or absence of any matter. Without limiting the generality of the foregoing, Borrower and not the Commission shall be solely responsible for assuring compliance with laws, the suitability of the Site for the Project, the adequacy of the plans, and the safety of the Project construction site, the completed Project, and the operation thereof.

Any consent to a Transfer under Section 30 of the Loan Agreement and any other consent or approval by the Commission under this Note, the Deed of Trust, the Loan Agreement or any of the other documents executed in connection therewith, may be given by the Commission's Executive Director without action by the Commission's governing board, unless the Executive Director in his or her sole discretion elects to refer the matter to the Commission's governing board.

20. Good Faith and Fair Dealing.

The Commission and Borrower agree to perform all of their obligations and the actions required of each hereunder in good faith and in accordance with fair dealing.

21. Waiver.

Borrower agrees that it will still be liable for repayment of this Note, subject to the nonrecourse provision of Section 4 above, even if the holder hereof does not follow the procedures of presentment, protest, demand, diligence, notice of dishonor and of nonpayment, which requirements are hereby waived. Failure of the Commission or other holder hereof to exercise any right or remedy hereunder shall not constitute a waiver of any future or other default. No acceptance of a past due installment or indulgence granted from time to time shall be construed to be a waiver of, or to preclude the exercise of, the right to insist upon prompt payment thereafter or to impose late charges retroactively or prospectively, or to waive or preclude the exercise of any other rights which the Commission may have.

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IN WITNESS WHEREOF, Borrower has executed this Note as of the date and year first above written

**BORROWER:**

**WOODS FAMILY HOUSING PARTNERS, L.P.**  
A California Limited Partnership

By: SOUTHERN CALIFORNIA HOUSING  
DEVELOPMENT CORPORATION OF LOS  
ANGELES, a California non-profit  
corporation, its General Partner

By: \_\_\_\_\_  
Richard J. Whittingham,  
Chief Financial Officer

**EXHIBIT "D" TO LOAN AGREEMENT  
INDUSTRY NOTE**

(HOME LOAN - PROJECT NO. \_\_\_\_\_)  
(INDUSTRY LOAN - PROJECT NO. \_\_\_\_\_)

(Please See Attached)



EXHIBIT "D" TO LOAN AGREEMENT

INDUSTRY PROMISSORY NOTE  
HOME PROGRAM - PROJECT NO. HE00XX  
INDUSTRY FUND - PROJECT NO. YY11XX

\$2,037,000

\_\_\_\_\_, 200\_\_\_\_

For value received, the undersigned, Woods Family Housing Partners, L.P., a California Limited Partnership ("Borrower") whose principal address is set forth hereinbelow, promises to pay to the order of the COMMUNITY DEVELOPMENT COMMISSION OF THE COUNTY OF LOS ANGELES, a public body corporate and politic ("Commission") at Two Coral Circle, Monterey Park, California 91755-7425 (or to such designee and/or at such other address as the Commission may from time to time designate in writing), the principal sum of Two Million Thirty-Seven Thousand Dollars (\$2,037,000) (the "Loan"), or such amount as may be advanced hereunder, plus accrued and unpaid interest as provided hereinbelow, and all other charges due hereunder, in accordance with the terms and conditions of that certain Loan Agreement dated as of \_\_\_\_\_, \_\_, 200\_\_\_\_, entered into between Borrower and the Commission (the "Loan Agreement"), and the terms and conditions of this Promissory Note (this "Note"). As set forth in greater detail in the Loan Agreement, the purpose of the Loan is to provide Borrower with construction and permanent financing in connection with a housing project ("Project") on a site more particularly described in the Loan Agreement ("Site").

1. Interest.

1.1 Basic Interest. Except as provided in Section 1.4 below, the disbursed and unpaid principal balance of the Loan shall bear interest commencing on the date on which the Loan proceeds are first disbursed for the account of Borrower, and ending on the date paid, at the rate of three percent (3%) per annum, simple interest ("Basic Rate"). Interest shall be computed on the basis of actual number of days elapsed and a 360-day year.

1.2 Payment Dates and Amounts.

1.2.1 Except as otherwise provided in this Note, Borrower shall repay the Loan, together with accrued interest at the Basic Rate in arrears, in annual installments on March 15th of each calendar year for the previous calendar year, commencing on March 15, 2011. Absent prepayment or acceleration, each of the annual payments due March 15, 2011 through and including March 15, 2065 ("Maturity Date") shall be in an amount equal to eighteen percent (18.0%) of "Residual Receipts" for the prior calendar year, as defined herein. The balance of the Residual Receipts shall be allocated as follows: Commission HOME Loan (as defined in the Loan Agreement) (19%), State HCD TOD Loan (13%), Borrower (50.0%). Residual Receipts shall be calculated and reported to the Commission annually for each calendar year no later than March 15th of the following calendar year on forms specified and provided by the Commission from time to time. All calculations and records are subject to audit by the Commission. Notwithstanding any other provision of this Note, unless due sooner, the entire outstanding principal balance of the Loan together with any outstanding interest and any other sums payable under this Note shall be due and payable in full on the Maturity Date

Notwithstanding anything to the contrary in this Section 1.2, obligations of Borrower accruing or to be performed in any calendar year may be deemed to accrue or be performed in the Borrower's fiscal year, subject to the approval of the Commission's Executive Director, which approval may be withheld in the Executive Director's sole and absolute discretion.

**1.2.2 Deferred Developer Fee.** For calendar years 2010 through 2020, prior to making the annual installment of Residual Receipts to the Commission (as described above), Borrower shall make payments towards the Deferred Developer Fee. The "Deferred Developer Fee" is defined as the amount of developer fee deferred for payment following Completion of the Project. The amount of Deferred Developer Fee is shown in the project proforma included as Exhibit J to the Loan Agreement. At Completion of the Project, the Deferred Developer Fee is to be adjusted to the actual amount of the developer fee deferred, except that any increases must be reviewed and approved by the Commission.

**1.3 Calculation of Residual Receipts.** Borrower shall provide to the Commission for inspection and copying any records, receipts, account books, ledgers, checks, or other documents or other evidence requested by the Commission for the purpose of verifying Borrower's calculation of Residual Receipts, and shall promptly pay to the Commission any further amount due but not paid as a result of any miscalculation by Borrower. In no event shall any Loan payment attributable to an Event of Default (as hereafter defined) or acceleration be deferred.

**1.4 Default Rate.** Any amounts (including but not limited to amounts of principal and interest on the Loan) which Borrower does not pay when due under the terms of the Loan Agreement or this Note shall bear interest at the rate of ten percent (10%) per annum, simple interest ("Default Rate"), from the date due until the date paid.

**1.5 Definition of Residual Receipts.**

**1.5.1** "Residual Receipts" shall mean, with respect to each calendar year, the amount by which "Gross Rents," as defined herein, for such calendar year exceed the "Operating Expenses", as defined herein, for that calendar year.

**1.5.2** With the exception of the "Excluded Items" (as defined below), "Gross Rents" shall mean, with respect to each calendar year or portion thereof, all gross income, rentals, revenues, payments and consideration, of whatever form or nature, whether direct or indirect, received by or paid to or for the account or benefit of Borrower or any "Affiliate" (as defined below) of Borrower or any of their agents or employees, from any and all sources, resulting from or attributable to the ownership, operation, leasing and occupancy of the Project, determined on the basis of generally accepted accounting principles applied on a consistent basis, and shall include, but not be limited to:

(i) gross rentals paid by occupancy tenants of the Project under occupancy leases and payments and subsidies of whatever nature, including without limitation any payments, vouchers or subsidies from the United States Department of Housing and Urban Development (HUD) or any other person or organization, received on behalf of tenants under occupancy leases;

(ii) amounts paid to Borrower or any Affiliate of Borrower on account of "Operating Expenses" (as defined herein) for further disbursement by Borrower or such Affiliate to a third party or parties;

(iii) late charges and interest paid on rentals;

(iv) rents and receipts from licenses, concessions, vending machines, coin laundry and similar sources;

(v) other fees, charges or payments not denominated as rental but payable to Borrower in connection with the rental of office, retail, storage, or other space in the Project; and

(vi) consideration received in whole or in part for the cancellation, modification, extension or renewal of occupancy leases.

The term "Affiliate" shall mean any person or entity directly or indirectly, through one or more intermediaries, controlling, controlled by or under common control with Borrower which, if Borrower is a partnership or limited liability company, shall include each of the constituent members or partners, respectively, thereof. The term "control" as used in the immediately preceding sentence, means, with respect to a person that is a corporation, the right to exercise, directly or indirectly, more than fifty percent (50%) of the voting rights attributable to the shares of the controlled corporation, and, with respect to a person that is not a corporation, possession directly or indirectly of the power to direct or cause the direction of the management or policies of the controlled person. Notwithstanding the foregoing, Gross Rents shall not include the following items ("Excluded Items"):

(aa) security deposits from tenants (except when applied by Borrower to rent or other amounts owing by tenants);

(bb) capital contributions to Borrower or its members, partners or shareholders by its or their members, partners or shareholders;

(cc) condemnation or insurance proceeds constituting 'Net Proceeds' as defined in Section 1.6 below; and

(dd) funds received from any source (including but not limited to the Senior Financing and any Junior Financing or Other Financing) actually and directly used for acquisition and/or initial development of the Project.

1.5.3 "Operating Expenses" shall mean, with respect to each calendar year or portion thereof, the sum of the following expenses to the extent reasonably paid by Borrower during such period:

(i) nonelective payments made with respect to the Senior Financing;

(ii) all taxes and assessments imposed upon the Project and required to be paid by Borrower but only to the extent such taxes and assessments are paid or set aside as a reserve by Borrower during such calendar year;

(iii) all amounts paid or set aside as a reserve by Borrower on account of insurance premiums for insurance carried in connection with the Project, provided that if insurance on the Project is maintained as part of a blanket policy covering the Project and other properties, the insurance premium included in this definition shall be the portion of the premium fairly allocable to the Project for the period;

(iv) ownership and operating costs incurred by Borrower for the management, operation, cleaning, leasing, marketing, maintenance and repair of the Project (including without limitation, property management fees and administrative fees) properly chargeable against income according to generally accepted accounting principles, including without limitation wages, payroll and accounting costs, utility and heating charges, material costs, maintenance costs, costs of services, water and sewer charges, travel expenses allocable to the Project, supportive service coordinator salary as noted in Exhibit K of the Loan Agreement (noted as "social service coordination"), and license fees and business taxes; provided, however, that (A) the amount included as property management fees in Operating Expenses shall collectively not exceed six percent (6%) of Gross Rents from the Project for such period, all or a portion of each of which may be paid to Borrower and/or an Affiliate of Borrower, (B) such property management fee shall only be paid on the basis of supporting documentation reasonably acceptable to the Commission, and shall be paid after the payment of all other Operating Expenses, (C) partnership management fees and other fees payable to a partner in a tax credit limited partnership shall only be considered Operating Expenses to the extent they do not exceed \$15,000 in the aggregate, plus annual escalations of 3.5%, in any year, and (D) total ownership and operating costs do not exceed industry standards as approved by the Commission;

(v) Replacement Reserve set aside for replacement of roofing, furniture, fixtures, equipment, and other capital expenditures, in an annual amount equal to the greater of: (a) \$300.00 per unit, (b) such higher amount per unit as may be required by a tax credit investor or (c) holder of Senior Financing or established from time to time by mutual agreement of the Parties; and

(vi) to the extent not otherwise included in Operating Expenses, amounts paid from any account as a reserve account for the purpose for which such reserve was created so long as such purpose would constitute an Operating Expense.

1.5.4 Notwithstanding any provision of Section 1.5.3, the term "Operating Expenses" shall not include any of the following:

(i) salaries of employees of Borrower or Borrower's general overhead expenses, or expenses, costs and fees paid to an Affiliate of Borrower, to the extent any of the foregoing exceed the expenses, costs or fees that would be payable in a bona fide arms' length transaction between unrelated parties in the Los Angeles-Orange County area for the same work or services;

(ii) any amounts paid directly by a tenant of the Project to a third party in connection with expenses which, if incurred by Borrower, would be Operating Expenses;

(iii) optional or elective payments with respect to the Senior Financing;

(iv) any payments with respect to Junior Financing, Other Financing, or any other Project-related loan or financing other than the Senior Financing; or

(v) expenses, expenditures, and charges of any nature whatsoever arising or incurred by Borrower prior to completion of the Project with respect to the development, maintenance and upkeep of the Project, or any portion thereof, including, without limitation, all costs and expenses incurred by Borrower in connection with the acquisition of the Property, all predevelopment activities conducted by Borrower in connection with the Project, including without limitation, the preparation of all plans and the performance of any tests, studies, investigations or other work, and the construction of the Project and any on-site or off-site work in connection therewith.

#### 1.5.5 Reserves.

(a) Definitions.

(i) "Operating Reserve" shall equal \$123,831 plus accumulated interest paid on the balance in the Operating Reserve Account (as hereinafter defined) and be set aside for:

- (1) taxes and assessments, as described in Section 1.5.3(ii);
- (2) insurance premiums, as described in Section 1.5.3(iii);
- (3) operation of the Project as may, for reasons other than those described in this Subpart (a)(ii) of this Section 1.5.5, be required in connection with Senior Financing or by an investor limited partner; and
- (4) any other purpose which itself constitutes an Operating Expense.

The Operating Reserve shall be funded from the Loan and/or any of the other project financing sources shown in the Transaction Summary of the Loan Agreement.

(ii) "Replacement Reserve" shall mean funds reserved, in the amount of and as provided for in Section 1.5.3(v), including accumulated interest paid on the balance in the Replacement Reserve Account (as hereinafter defined), and actually set aside for capital expenditures.

(iii) "Reserve Account" shall mean a separate account for the Operating Reserve ("Operating Reserve Account") and/or Replacement Reserve ("Replacement Reserve Account"), as the case may be (either sometimes referred to as a "Reserve Account"), established with a financial institution or other duly licensed escrow agent mutually acceptable to the Parties ("Escrow Agent").

(iv) "Reserves" shall mean the Operating Reserve and Replacement Reserve, collectively.

(b) Release of Reserves. Reserves shall not be released to Borrower out of the Reserve Account unless and until:

- (i) the Borrower has submitted to the Commission:

- (A) a written disbursement request ("Disbursement Request") seeking the release of funds out of the Reserve Account for the particular expenditure(s) and with respect to the Reserve Period designated in the applicable Reserve Request previously approved by the Commission;
  - (B) supporting documentation establishing, in the Commission's sole determination, that but for the release of the funds requested in the Disbursement Request, sufficient funds would not otherwise be available to the Borrower for the designated expenditure(s); and
- (ii) the Commission has, in its sole and absolute discretion, approved in writing the Disbursement Request.

(f) Investment of Reserve Account. Funds in any Reserve Account established pursuant to this Section 1.5.5 shall be deposited in a banking institution whose deposits are insured by an agency of the federal government. Borrower may invest funds in a Reserve Account in domestic bank certificates which are insured by an agency of the federal government; in direct obligations of the federal government; in federal government agencies with an AA rating or better; federally guaranteed agencies; or in repurchase agreements which are direct obligations of the federal government or federal agencies; or which are collateralized by federal government obligations; or in short-term commercial paper receiving the highest rating from Moody's or from Standard and Poors. Borrower shall select the investment vehicles and maturities (not to exceed five years) on such investments so as to yield the maximum return, consistent with good business practice, including the need for available cash in the Reserve Account.

1.6 In addition to the payments provided in Section 1.2 above, and subject to the terms of the Senior Financing, Borrower shall pay to the Commission towards (but not to exceed) any outstanding amounts associated with the Loan: (a) no later than the date of close of escrow or other consummation of any Assignment other than a Minor Assignment, the Applicable Percentage of the Net Proceeds of such Assignment; and (b) no later than the recording of a Refinancing, fifty percent (50%) of the Net Refinancing Proceeds received from any such Refinancing.

A "Minor Assignment" shall mean any lease of an individual unit in the Project for occupancy by a residential tenant and in the ordinary course of business for operation of the Project.

"Applicable Percentage" shall mean fifty percent (50%); provided, however, that the term Applicable Percentage shall mean one hundred percent (100%) with respect to a payment on the Loan attributable in whole or in part to a condemnation of, or event of damage, destruction or casualty with respect to, the Site, the Project or any portion of either.

"Assignment" means any voluntary or involuntary conveyance, disposition, assignment, taking, casualty, encumbrance (other than a Refinancing as defined below or the creation of the Senior Financing or any other Project Loan or limited partner contribution, the proceeds of which are used solely for initial acquisition of the Site by Borrower or initial development of the

Project), sublease, sale, license, concession, management agreement, operating agreement, transfer or similar transaction with respect to any direct or indirect interest or economic benefit of any person or entity in connection with the Project or the use or occupancy of the Site including, without limitation, any Transfer by Borrower of all or any portion of its rights under or interest in the Project or the Site, any change of ownership or control of Borrower, any condemnation or taking of the Site or the Project or any portion thereof, any event of damage to or destruction of the Site or the Project, any foreclosure of Borrower's interest in the Project or the Site, whether by judicial proceedings, or by virtue of any power contained in a deed of trust, indenture or other instrument creating a lien against the Site or the Property, or any assignment of Borrower's estate in the Project or the Site through, or in lieu of, foreclosure or other appropriate and bona fide proceedings in the nature thereof; provided, however, that the term "Assignment" as used herein shall not include bona fide transfers of an ownership interest in Borrower to any Affiliate of Borrower, so long as the consideration paid to the selling partner, member or shareholder on account of such transfer does not exceed the actual amount paid by such partner, member or shareholder for its ownership interest plus reimbursement for any out-of-pocket expenses incurred by such partner, member or shareholder in connection with its acquisition of such ownership interest.

"Net Proceeds" of an Assignment shall mean (1) the proceeds received, directly or indirectly, by Borrower or any Affiliate or constituent member or partner, or majority shareholder, of Borrower or any Affiliate as a result of such Assignment, including, without limitation, cash, the amount of any monetary lien or encumbrance assumed or taken subject to by the assignee, the fair market value of any noncash consideration, including the present value of any promissory note received as part of the proceeds of such Assignment (such present value to be determined based upon a discount rate reasonably satisfactory to the Commission), the entire condemnation award or compensation payable to Borrower or any Affiliate or constituent member or partner, or majority shareholder, of Borrower or any Affiliate in connection with a condemnation or taking in eminent domain of any part of the Site or the Project or any interest therein, all insurance proceeds or awards payable to Borrower or any Affiliate or constituent member or partner or majority shareholder of Borrower or any Affiliate in connection with any damage to or destruction of the Site or the Project or any part thereof not used for project restoration; less (2) the sum of (i) the actual, documented and reasonable expenses of effecting such Assignment, including reasonable brokerage commissions, title insurance premiums, documentary transfer taxes, and reasonable attorneys' fees, in each case actually paid in connection with the Assignment (provided that no deduction shall be allowed for payments to an Affiliate of the person or entity making the Assignment which are in excess of the amount that would be paid for the same or equivalent services in an arms' length transaction between unrelated parties acting reasonably), and (ii) the amount of any proceeds of the Assignment paid (excluding voluntary payments) towards the then-outstanding balance of the Senior Financing. Notwithstanding anything above to the contrary, the permissible deductions for purposes of calculating the Net Proceeds of an Assignment shall not include any foreign, U.S., state or local income taxes, franchise taxes, or other taxes based on income.

"Refinancing" shall mean creation or substantial modification of a loan ("Project Loan") secured by an encumbrance on the Site, the Project, or any portion thereof. The term "Refinancing" shall not include the creation of the Senior Financing or any other Project Loan, the proceeds of which are used solely for initial acquisition of the Site by Borrower or initial development of the Project.

"Net Refinancing Proceeds" shall mean the gross face amount of the Project Loan obtained in connection with such Refinancing, after: (1) payment of the actual, documented and reasonable expenses of such Refinancing, including escrow fees, title policy expenses, legal expenses, survey fees, recording fees, commissions, and other usual and reasonable expenses of any such Refinancing (provided, that no deduction shall be allowed for payments in connection with such Refinancing which are in excess of the amounts that would be paid for the same or equivalent services in an arms' length transaction between unrelated parties acting reasonably); and (2) deduction of amounts repaid (excluding voluntary payments) in connection with the Refinancing towards amounts outstanding under the Senior Financing.

2. Acceleration.

Notwithstanding the payment terms set forth in Section 1 above, upon the occurrence of any "Event of Default" as set forth in Section 9 below, the entire outstanding principal balance of this Note, together with any outstanding interest and other amounts payable hereunder, shall, at the election of the Commission and upon notice to Borrower thereof become immediately due and payable without presentment, demand, protest or other notices of any kind, all of which are hereby waived by Borrower.

3. Prepayment; Application of Payments.

At any time after the disbursement of the Loan proceeds, Borrower may prepay all or a portion of the unpaid principal amount of the Loan and accrued interest and any other sums outstanding without penalty. All payments, including any prepayments or funds received upon acceleration pursuant to Section 2 above, shall be applied first toward any outstanding costs of collection or other amounts (excluding Loan principal or interest thereon) due under this Note or the Loan Agreement, then toward outstanding interest accrued at the Default Rate, if any, then toward outstanding interest accrued at the Basic Rate, if any, and finally toward the remaining principal balance under the Note.

4. Security and Source of Payment.

Borrower's obligations under this Note and the Loan Agreement shall, at all times during which any amount remains outstanding, be secured by the deed of trust ("Deed of Trust") of even date herewith, and of which the Commission is the beneficiary, recorded against Borrower's fee interest in the Site and the Project (collectively, the "Property"). The security interest in the Property granted to the Commission pursuant to the Deed of Trust shall be subordinate only to the Senior Financing and such exceptions to title shown in the title report for the Property which are approved in writing by the Commission. Except to the extent any Event of Default hereunder results directly or indirectly from any fraud or intentional and material misrepresentation by Borrower in connection with this Note, the Loan Agreement or the Loan, the Loan is a nonrecourse obligation of Borrower and, in the event of the occurrence of an Event of Default, the Commission's only recourse under the Deed of Trust shall be against the Property, the proceeds thereof, the rents and other income arising from its use and occupancy as provided in the Deed of Trust, and any other collateral given to the Commission as security for repayment of the Loan.



5. Obligation of Borrower Unconditional.

The obligation of Borrower to repay the Loan and all accrued interest thereon and all other sums due thereunder shall be absolute and unconditional, and until such time as all of the outstanding principal of, interest on and all other sums due under, this Note shall have been fully paid, Borrower agrees that it: (a) will use the funds solely for the purposes set forth herein; and (b) will not terminate or suspend any payment or obligations under this Note, the Loan Agreement, or any other document executed hereunder or in connection herewith for any cause, including without limitation, any acts or circumstances that may constitute failure of consideration, commercial frustration of purpose, or any duty, liability or obligation arising out of or in connection with this Note, the Loan Agreement or any document executed hereunder or in connection herewith.

6. Purpose of Loan.

The Loan proceeds shall be used by Borrower only to provide construction and permanent financing for the housing development described in the Loan Agreement. In no event shall Borrower use or otherwise invest the proceeds of the Loan except as expressly provided in this Note.

7. Covenants of Borrower.

As additional consideration for the making of the Loan by the Commission, Borrower covenants as follows:

7.1 Compliance with Loan Agreement and Deed of Trust. Borrower shall comply with all of its obligations under the Loan Agreement and the Deed of Trust. Any amounts payable by Borrower under the Loan Agreement or the Deed of Trust (other than amounts also payable hereunder) shall be deemed added to the principal amount of the Loan payable hereunder.

7.2 Other Loans. Borrower shall comply with all monetary and nonmonetary covenants associated with any loan secured by an interest in the Site or the Project. Borrower shall provide to the Commission a copy of any notice of default within five business days after receiving any notice of a default or alleged default of such covenants by Borrower, and Borrower shall promptly cure any such default and cooperate in permitting the Commission, to the extent the Commission in its sole discretion elects to do so, to cure or assist in curing the default. Any cost or expenditure incurred by the Commission in providing or assisting in such a cure shall be added to the outstanding principal amount of the Loan.

8. Assignment of this Note.

This Note shall be assignable by Borrower only if Borrower obtains the prior express written consent of the Commission, which consent may be withheld by the Commission in its sole discretion. Notwithstanding anything to the contrary in this Note, no purported assignment of this Note and the Loan shall be effective if such assignment would violate the terms, conditions and restrictions of any Applicable Governmental Restrictions. the Commission's consent to such assignment shall be expressly conditioned upon (i) the assignee's execution of such documents as required by the Commission in its sole discretion, including, without limitation, any and all documents deemed necessary by the Commission to provide for said assignee's assumption of all of the obligations of Borrower hereunder and under the Loan Documents, and (ii) the Commission's approval of the financial and credit worthiness of such proposed assignee and the assignee's ability to perform all of the Borrower's covenants under this Note and the Loan Agreement and any of the other Loan Documents. With respect to Projects funded through an allocation of state and/or federal low income housing tax credits, the Commission has pre-approved certain transfers as provided in the last paragraph of Section 14 of the Loan Agreement.

9. Events of Default and Remedies.

A. Borrower Events of Default. The occurrence of any of the following shall, after the giving of any notice and the expiration of any applicable cure period described therein, constitute an event of default by Borrower hereunder ("Event of Default"):

(1) The failure of Borrower to pay or perform any monetary covenant or obligation hereunder or under the terms of the Deed of Trust or the Loan Agreement, without curing such failure within ten (10) days after receipt of written notice of such default from the Commission (or from any party authorized by the Commission to deliver such notice as identified by the Commission in writing to Borrower). Notwithstanding anything herein to the contrary, the herein described cure period shall not apply to a failure by Borrower to timely repay the Loan at the Maturity Date of this Note;

(2) The failure of Borrower to perform any nonmonetary covenant or obligation hereunder or under the terms of the Deed of Trust or the Loan Agreement, without curing such failure within thirty (30) days after receipt of written notice of such default from the Commission (or from any party authorized by the Commission to deliver such notice as identified by the Commission in writing to Borrower) specifying the nature of the event or deficiency giving rise to the default and the action required to cure such deficiency; provided, however, that if any default with respect to a nonmonetary obligation is such that it cannot be cured within a 30-day period, it shall be deemed cured if Borrower commences the cure within said 30-day period and diligently prosecutes such cure to completion thereafter with the cure completed in any event within 180 days after the notice. Notwithstanding anything herein to the contrary, the herein described notice cure periods shall not apply to any Event of Default described in Sections 9(A)(3) through 9(A)(8) below;

(3) The material falsity of any representation or breach of any warranty or covenant made by Borrower under the terms of this Note, the Loan Agreement or the Deed of Trust;

(4) Borrower or any constituent member or partner, or majority shareholder, of Borrower shall (a) apply for or consent to the appointment of a receiver, trustee, liquidator or custodian or the like of its property, (b) fail to pay or admit in writing its inability to pay its debts generally as they become due, (c) make a general assignment for the benefit of creditors, (d) be adjudicated a bankrupt or insolvent or (e) commence a voluntary case under the Federal bankruptcy laws of the United States of America or file a voluntary petition that is not withdrawn within ten (10) days of the filing thereof or answer seeking an arrangement with creditors or an order for relief or seeking to take advantage of any insolvency law or file an answer admitting the material allegations of a petition filed against it in any bankruptcy or insolvency proceeding;

(5) If without the application, approval or consent of Borrower, a proceeding shall be instituted in any court of competent jurisdiction, under any law relating to bankruptcy, in respect of Borrower or any constituent member or partner or majority shareholder of Borrower, for an order for relief or an adjudication in bankruptcy, a composition or arrangement with creditors, a readjustment of debts, the appointment of a trustee, receiver, liquidator or custodian or the like of Borrower or of all or any substantial part of Borrower's assets, or other like relief in respect thereof under any bankruptcy or insolvency law, and, if such proceeding is being contested by Borrower, in good faith, the same shall (a) result in the entry of an order for relief or any such adjudication or appointment, or (b) continue undismissed, or pending and unstayed, for any period of ninety (90) consecutive days;

(6) Following completion of the construction of the Project, voluntary cessation of the operation of the Project for a continuous period of more than thirty (30) days or the involuntary cessation of the operation of the Project in accordance with this Note for a continuous period of more than sixty (60) days;

(7) Borrower shall suffer or attempt to effect a Transfer, in violation of Section 14 or Section 31 of the Loan Agreement; or

(8) Borrower shall be in default under the terms of the CC&Rs, Senior Financing, Junior Financing, Other Financing, the Supportive Services Agreement (if applicable under Section 7 of the Loan Agreement) or any other secured or unsecured obligation relating to the Project, unless the default is cured within the cure period, if any, applicable thereto under the terms of the obligation which is in default.

B. The Commission Remedies. Upon the occurrence of an Event of Default hereunder, the Commission may, in its sole discretion, take any one or more of the following actions:

(1) By notice to Borrower, declare the entire then unpaid principal balance of the Loan immediately due and payable, and the same shall become due and payable without further demand, protest or further notice of any kind, all of which are hereby expressly waived by Borrower. Upon such declaration, outstanding principal and (to the extent permitted by law) interest and any other sums outstanding in connection with the Loan shall thereafter bear interest at the Default Rate, payable from the date of such declaration until paid in full;

(2) Subject to the nonrecourse provisions of Section 4 above, take any and all actions and do any and all things which are allowed, permitted or provided by law, in equity or by statute, in the sole discretion of the Commission, to collect the amounts then due and thereafter to become due hereunder, to exercise its rights under the Deed of Trust, and to

enforce performance and observance of any obligation, agreement or covenant of the Borrower under this Note or under any other document executed in connection herewith;

(3) Subject to the nonrecourse provisions of Section 4 above, upon the occurrence of an Event of Default, which is occasioned by Borrower's failure to pay money, whether under this Note or the Loan Agreement, the Commission may, but shall not be obligated to, make such payment. If such payment is made by the Commission, Borrower shall deposit with the Commission, upon written demand therefor, such sum plus interest at the Default Rate. The Event of Default with respect to which any such payment has been made by the Commission shall not be deemed cured until such repayment has been made by Borrower. Until repaid, such amounts shall have the security afforded disbursements under this Note; or

(4) Subject to the nonrecourse provisions of Section 4 above, upon the occurrence of an Event of Default described in Section 9(A)(4) or 9(A)(5) hereof, the Commission shall be entitled and empowered by intervention in such proceedings or otherwise to file and prove a claim for the whole amount owing and unpaid on the Loan and, in the case of commencement of any judicial proceedings, to file such proof of claim and other papers or documents as may be necessary or advisable in the judgment of the Commission and its counsel to protect the interests of the Commission and to collect and receive any monies or other property in satisfaction of its claim.

C. No Remedy Exclusive. No remedy herein conferred upon or reserved to the Commission is intended to be exclusive of any other available remedy or remedies, but each such remedy shall be cumulative and shall be in addition to every other remedy given under this Note or now or hereafter existing at law or in equity or by statute; and may be exercised in such number, at such times and in such order as the Commission may determine in its sole discretion. No delay or omission to exercise any right or power upon the occurrence of any Event of Default hereunder shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient by the Commission. In order to entitle the Commission to exercise any right or remedy reserved to it under this Note, no notice shall be required except as expressly provided herein.

D. Commission Default and Borrower Remedies. Upon fault or failure of the Commission to meet any of its obligations under this Note without curing such failure within thirty (30) days after receipt of written notice of such failure from Borrower specifying the nature of the event or deficiency giving rise to the default and the action required to cure such deficiency, Borrower may, as its sole and exclusive remedies:

(1) Demand and obtain payment from the Commission of any sums due to or for the benefit of Borrower pursuant to the express terms of this Note;

(2) Bring an action in equitable relief seeking the specific performance by the Commission of the terms and conditions of this Note or seeking to enjoin any act by the Commission which is prohibited hereunder; and

(3) Bring an action for declaratory relief seeking judicial determination of the meaning of any provision of this Note.

Without limiting the generality of the foregoing, Borrower shall in no event be entitled to, and hereby waives, any right to seek consequential damages of any kind or nature from the Commission arising out of or in connection with this Note, and in connection with such waiver Borrower is familiar with and hereby waives the provisions of Section 1542 of the California Civil Code which provides as follows: "A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR."

10. Intentionally Left Blank

11. Conflict of Interest; No Individual Liability.

No official or employee of the Commission shall have any personal interest, direct or indirect, in this Note, nor shall any official or employee of the Commission participate in any decision relating to this Note which affects such official's or employee's pecuniary interest in any corporation, partnership or association in which such official or employee is directly or indirectly interested. No official or employee of the Commission shall be personally liable in the event of a breach of this Note by the Commission.

12. Amendments, Changes and Modifications.

This Note may not be amended, changed, modified, or altered without the prior written consent of the parties hereto.

13. Notices.

All notices, demands, requests, elections, approvals, disapprovals, consents or other communications given under this Note shall be in writing and shall be given by personal delivery, facsimile, certified mail (return receipt requested), or overnight guaranteed delivery service and faxed or addressed as follows:

If to Commission: Community Development Commission of the County of Los Angeles  
Two Coral Circle  
Monterey Park, California 91755-7425  
Attn: Executive Director  
Fax No. (323) 890-8576

With a copy to: Community Development Commission of the County of Los Angeles  
Two Coral Circle  
Monterey Park, California 91755-7425  
Attn: Director of Housing Development and Preservation  
Fax No. 323-869-0946

If to Borrower: Woods Family Housing Partners, L.P.  
10681 Foothill Blvd., Suite 220  
Rancho Cucamonga, CA 91730  
Attn: Richard J. Whittingham, Chief Financial Officer

Fax No. \_\_\_\_\_

With a copy to: The Southern California Housing Development Corporation of Los Angeles  
9065 Haven Avenue, Suite 100  
Rancho Cucamonga, CA 91730  
Attn: \_\_\_\_\_  
Fax No. \_\_\_\_\_

Notices shall be effective upon receipt, if given by personal delivery; upon receipt, if faxed, provided there is written confirmation of receipt (except that if received after 5 p.m., notice shall be deemed received on the next business day); the earlier of (i) three (3) business days after deposit with United States Mail, or (ii) the date of actual receipt as evidenced by the return receipt, if delivered by certified mail; and one (1) day after deposit with the delivery service, if delivered by overnight guaranteed delivery service. Each party shall promptly notify the other party of any change(s) of address to which notice shall be sent pursuant to this Note.

14. Severability.

The invalidity or unenforceability of any one or more provisions of this Note will in no way affect any other provision.

15. Interpretation.

Whenever the context requires, all words used in the singular will be construed to have been used in the plural, and vice versa, and each gender will include any other gender. The captions of the paragraphs of this Note are for convenience only and do not define or limit any terms or provisions. Time is of the essence in the performance of this Note by Borrower. Each Party has been represented by counsel in the negotiation of this Note, and it shall not be interpreted in favor of or against any Party on account of relative responsibilities in drafting. Notwithstanding any other provision of this Note, nothing herein or in this Note shall be deemed to require Borrower to pay interest in the amount of any applicable usury law or other legal limitation on interest, and the terms hereof and of this Note shall be interpreted to require in each instance the lesser of (i) the amount stated in this Note; and (ii) the maximum applicable legal limit. Defined terms not otherwise defined herein shall have the meaning assigned to them by the Loan Agreement.

16. No Waiver, Consents.

Any waiver by the Commission must be in writing and will not be construed as a continuing waiver. No waiver will be implied from any delay or failure by the Commission to take action on account of any default of Borrower. Consent by the Commission to any act or omission by Borrower will not be construed as consent to any other or subsequent act or omission or to waive the requirement for the Commission's consent to be obtained in any future or other instance.

17. Governing Law.

This Note shall be governed by the laws of the State of California.

18. Representations, Warranties and Additional Covenants of Borrower.

Borrower hereby represents, warrants and covenants to the Commission that:

A. Organization and Standing. Borrower is a California legal entity as described in the Transaction Summary set forth in the Loan Agreement, duly formed, qualified to operate in California and validly existing and in good standing under all applicable laws, and has all requisite power and authority to enter into and perform its obligations under this Note, the Loan Agreement, the Deed of Trust, the CC&Rs, and all other documents executed in connection herewith.

B. Enforceability. This Note and all other instruments to be executed by Borrower in connection with the Loan constitute the legal, valid and binding obligation of Borrower, without joinder of any other party.

C. Authorization and Consents. The execution, delivery and performance of this Note and all other instruments to be executed in connection herewith is consistent with the operating agreement, partnership agreement or articles and bylaws governing Borrower and have been duly authorized by all necessary action of Borrower's members, partners, directors, officers and shareholders.

D. Due and Valid Execution. This Note and all other instruments to be executed in connection herewith, will, as of the date of their execution, have been duly and validly executed by Borrower.

E. Licenses. Borrower will obtain and maintain all material licenses, permits, consents and approvals required by all applicable governmental authorities to own and operate the Project.

F. Litigation and Compliance. There are no suits, other proceedings or investigations pending or threatened against, or affecting the business or the properties of Borrower (other than those as have been previously disclosed in writing to the Commission) which could impair its ability to perform its obligations under this Note, nor is Borrower in violation of any laws or ordinances which could materially impair Borrower's ability to perform its obligations under this Note.

G. Default. There are no facts now in existence which would, with the giving of notice or the lapse of time, or both, constitute an "Event of Default" hereunder, as described in Section 9.

H. No Violations. The execution and delivery of this Note, the Loan Agreement and all other documents executed or given thereunder, and the performances hereunder and thereunder by Borrower, as applicable, will not constitute a breach of or default under any instrument or agreement to which Borrower may be a party nor will the same constitute a breach of or violate any law or governmental regulation.

19. Approvals.

Except with respect to those matters set forth hereinabove providing for the Commission's approval, consent or determination to be at the Commission's "sole discretion" or

"sole and absolute discretion," the Commission hereby agrees to act reasonably with regard to any approval, consent, or other determination given by the Commission hereunder. the Commission agrees to give Borrower written notice of its approval or disapproval following submission of items to the Commission for approval, including, in the case of any disapproved item, the reasons for such disapproval.

Any review or approval of any matter by the Commission or any the Commission official or employee under this Note shall be solely for the benefit of the Commission, and neither Borrower nor any other person shall rely upon such review or approval as an indication of the wisdom, soundness, safety, appropriateness, or presence or absence of any matter. Without limiting the generality of the foregoing, Borrower and not the Commission shall be solely responsible for assuring compliance with laws, the suitability of the Site for the Project, the adequacy of the plans, and the safety of the Project construction site, the completed Project, and the operation thereof.

Any consent to a Transfer under Section 30 of the Loan Agreement and any other consent or approval by the Commission under this Note, the Deed of Trust, the Loan Agreement or any of the other documents, executed in connection therewith, may be given by the Commission's Executive Director without action by the Commission's governing board, unless the Executive Director in his or her sole discretion elects to refer the matter to the Commission's governing board.

20. Good Faith and Fair Dealing.

The Commission and Borrower agree to perform all of their obligations and the actions required of each hereunder in good faith and in accordance with fair dealing.

21. Waiver.

Borrower agrees that it will still be liable for repayment of this Note, subject to the nonrecourse provision of Section 4 above, even if the holder hereof does not follow the procedures of presentment, protest, demand, diligence, notice of dishonor and of nonpayment, which requirements are hereby waived. Failure of the Commission or other holder hereof to exercise any right or remedy hereunder shall not constitute a waiver of any future or other default. No acceptance of a past due installment or indulgence granted from time to time shall be construed to be a waiver of, or to preclude the exercise of, the right to insist upon prompt payment thereafter or to impose late charges retroactively or prospectively, or to waive or preclude the exercise of any other rights which the Commission may have.

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IN WITNESS WHEREOF, Borrower has executed this Note as of the date and year first above written

**BORROWER:**

**WOODS FAMILY HOUSING PARTNERS, L.P.**  
A California Limited Partnership

By: SOUTHERN CALIFORNIA HOUSING  
DEVELOPMENT CORPORATION OF LOS  
ANGELES, a California non-profit  
corporation, its General Partner

By: \_\_\_\_\_  
Richard J. Whittingham,  
Chief Financial Officer

**EXHIBIT "E" TO LOAN AGREEMENT  
HOME LEASEHOLD DEED OF TRUST**

(HOME LOAN - PROJECT NO. \_\_\_\_\_)  
(INDUSTRY LOAN - PROJECT NO. \_\_\_\_\_)

(Please See Attached)

**EXHIBIT "E" TO LOAN AGREEMENT**

**DEED OF TRUST**

HOME PROGRAM - PROJECT NO. HE00XX

INDUSTRY FUND - PROJECT NO. YY11XX

**OFFICIAL BUSINESS**

Document entitled to free  
recording per Govt. Code Section 6103.

Recording Requested by and  
When Recorded Mail To:

COMMUNITY DEVELOPMENT COMMISSION  
OF THE COUNTY OF LOS ANGELES  
2 Coral Circle  
Monterey Park, CA 91755  
Attn.: Director of Housing Development and Preservation

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Above Space For Recorder's Use Only

**LEASEHOLD DEED OF TRUST, ASSIGNMENT OF RENTS,  
SECURITY AGREEMENT AND FIXTURE FILING**

THIS LEASEHOLD DEED OF TRUST, ASSIGNMENT OF RENTS, SECURITY AGREEMENT AND FIXTURE FILING ("Deed of Trust") is made as of \_\_\_\_\_, 2008, by and between WOODS FAMILY HOUSING PARTNERS, L.P., a California limited partnership ("Trustor") whose address is 10681 Foothill Blvd., Suite 220, Rancho Cucamonga, CA 91730, Chicago Title Company ("Trustee") and the COMMUNITY DEVELOPMENT COMMISSION OF THE COUNTY OF LOS ANGELES, a public body corporate and politic ("Beneficiary").

**RECITALS**

A. Beneficiary is making a loan to Trustor in the original principal amount of Two Million One-Hundred Fifty-Seven Thousand One-Hundred and Twenty-Five DOLLARS (\$2,157,125) (the "Loan") pursuant to that certain Acquisition and Loan Agreement (the "Loan Agreement") entered into by Trustor and Beneficiary and dated as of \_\_\_\_\_, 2008. The Loan is evidenced by a promissory note of even date herewith executed by Trustor (the "Note") in the principal amount of the Loan.

B. Trustor intends to use the Loan proceeds for the purpose of providing permanent financing for the housing development described in the Loan Agreement (the "Project"). The Project is developed on a site legally described on Attachment "1" to this Deed of Trust (the "Site").

C. Trustor has a leasehold interest in the Site pursuant to a Ground Lease dated \_\_\_\_\_ (the "Lease") by and between the Trustor, as lessee, and the Beneficiary as lessor. The leasehold interest in the Site is hereinafter referred to as the "Property." Trustor shall be the owner of the Project and all other improvements to be developed on the Property in

accordance with the terms of the Lease.

NOW THEREFORE, in consideration of the Loan, Trustor hereby irrevocably grants, conveys, transfers and assigns to Trustee, its successors and assigns, in trust, with power of sale and right of entry and possession as provided below, all of its present and future estate, right, title and interest in and to the Property, together with all, right, title and interest of Trustor therein and in and to, and grants to Beneficiary a security interest in, the following:

(A) All development rights, air rights, water, water rights, and water stock relating to the Property.

(B) All present and future structures, buildings, improvements, appurtenances and fixtures of any kind on the Property, including but not limited to all apparatus, attached equipment and appliances used in connection with the operation or occupancy of the Property, such as heating and air-conditioning systems and facilities used to provide any utility services, ventilation, vehicular cleaning, storage or other services on the Property, and all signage, carpeting and floor coverings, partitions, generators, screens, awnings, boilers, furnaces, pipes, plumbing, vacuum systems, brushes, blowers, cleaning, call and sprinkler systems, fire extinguishing apparatus and equipment, water tanks, heating, ventilating, air conditioning and air cooling equipment, and gas and electric machinery and equipment, it being intended and agreed that all such items will be conclusively considered to be a part of the Property conveyed by this Deed of Trust, whether or not attached or affixed to the Property.

(C) All appurtenances of the Property and all rights of Trustor in and to any streets, roads or public places, easements or rights of way, relating to the Property.

(D) All of the rents, royalties, profits and income related to the Property, to the extent not prohibited by any applicable law.

(E) All proceeds and claims arising on account of any damage to or taking of the Property and all causes of action and recoveries for any loss or diminution in value of the Property.

(F) All existing and future goods, inventory, equipment and all other personal property of any nature whatsoever now or hereafter located on the Property which are now or in the future owned by Trustor and used in the operation or occupancy of the Property or in any construction on the Property but which are not effectively made real property under Clause (B) above, including but not limited to all appliances, furniture and furnishings, building service equipment, and building materials, supplies, equipment, machinery, plumbing and plumbing material and supplies, concrete, lumber, hardware, electrical wiring and electrical material and supplies, roofing material and supplies, doors, paint, drywall, insulation, cabinets, ceramic material and supplies, flooring, attached appliances, fencing, landscaping and all other materials, supplies and property of every kind and nature.

(G) All present and future accounts, general intangibles, chattel paper, contract rights, deposit accounts, instruments and documents as those terms are defined in the California Uniform Commercial Code, now or hereafter relating or arising with respect to the Property and/or the use thereof or any improvements thereto, including without limitation: (i) all rights to the payment of money, including escrow proceeds arising out of the sale or other disposition of all or any portion of the estate of Trustor upon the Property now or hereafter

existing thereon; (ii) all plans, specifications and drawings relating to the development of the Property and/or any construction thereon; (iii) all use permits, licenses, occupancy permits, construction and building permits, and all other permits and approvals required by any governmental or quasi-governmental authority in connection with the development, construction, use, occupancy or operation of the Property; (iv) any and all agreements relating to the development, construction, use, occupancy and/or operation of the Property between Trustor and any contractor, subcontractor, project manager or supervisor, architect, engineer, laborer or supplier of materials; (v) all lease or rental agreements; (vi) all names under which the Property is now or hereafter operated or known and all rights to carry on business under any such names or any variant thereof; (vii) all trademarks relating to the Property and/or the development, construction, use, occupancy or operation thereof; (viii) all goodwill relating to the Property and/or the development, construction, use, occupancy or operation thereof; (ix) all reserves, deferred payments, deposits, refunds, cost savings, bonds, insurance policies and payments of any kind relating to the Property; (x) all loan commitments issued to Trustor in connection with any sale or financing of the Property; (xi) all funds deposited with Beneficiary by Trustor, and all accounts of Trustor with Beneficiary, including all accounts containing security deposits and prepaid rents paid to Trustor in connection with any leases of the Property, and all proceeds thereof; and (xii) all supplements, modifications and amendments to the foregoing.

(H) All of the right, title and interest of Trustor in and to all sales contracts of any nature whatsoever now or hereafter executed covering any portion of the Property, together with all deposits or other payments made in connection therewith.

(I) All of the right, title and interest of Trustor in and to any construction contracts, plans and specifications, building permits, and all other documents necessary for completion of the improvements to the construction of the Property.

(J) All water stock relating to the Property, all shares of stock or other evidence of ownership of any part of the Property that is owned by Trustor in common with others, and all documents of membership in any owner's or members' association or similar group having responsibility for managing or operating any part of the Property.

Trustor's leasehold interest in the Property, and its ownership and/or other interests in the Project and the other real and personal property described in the immediately preceding paragraph is sometimes referred to collectively as the "Mortgaged Property."

Trustor does hereby covenant with Trustee and Beneficiary, that Trustor has good right to bargain, sell and convey Trustor's interest in the Mortgaged Property in manner and form as above written; and Trustor warrants and will defend same to Beneficiary, forever, against all lawful claims and demands whatsoever except as stated above.

#### THIS DEED OF TRUST IS FOR THE PURPOSE OF SECURING:

- (1) performance of each agreement of Trustor herein contained or incorporated herein by reference, including, without limitation, the covenants, conditions and restrictions contained in the CC&Rs recorded against the Property in favor of the Commission;
- (2) payment of the indebtedness (including, without limitation, interest thereon)

evidenced by the Note, and any extension or renewal or modification thereof; and

- (3) performance of each agreement of Trustor contained in the Loan Agreement, or any of the "Loan Documents" (as defined therein), and any extension, renewal or modification of such Loan Agreement and Loan Documents.

**TO PROTECT THE SECURITY OF THIS DEED OF TRUST, TRUSTOR HEREBY COVENANTS AND AGREES AS FOLLOWS:**

1. Payment of Secured Obligations. To pay when due (a) the principal of, and the interest on, the indebtedness evidenced by the Note, (b) charges, fees and all other sums as provided in the Loan Agreement, and (c) the principal of, and interest on, any future advances secured by this Deed of Trust.

2. Maintenance, Repair, Alterations. To keep the Property in good condition and repair; to complete promptly and in a good and workmanlike manner all buildings and other improvements to be constructed on the Property, including specifically all buildings and improvements described in the Loan Agreement, and promptly restore in like manner any structure that may be damaged or destroyed thereon; to pay when due all claims for labor performed and materials furnished therefor, to comply with all laws, ordinances, regulations, covenants, conditions and restrictions now or hereafter affecting the Property or any part thereof or requiring any alterations or improvements thereon; not to commit or permit any waste or deterioration of the Property; to keep and maintain abutting grounds, sidewalks, roads, parking and landscape areas in good and neat order and repair; not to commit, suffer or permit, to the extent Trustor is able by the exercise of commercially reasonable best efforts, any act to be done in or upon the Property in violation of any law, ordinance or regulation.

3. Insurance. To provide, maintain at its expense and deliver to Beneficiary at all times until payment in full of all obligations secured hereby, insurance as required by the Loan Agreement or the Note. In the event of any loss or damage, Trustor shall give immediate notice thereof to Beneficiary, and Beneficiary may thereupon make proof of such loss or damage, if the same is not promptly made by Trustor. Trustor and Beneficiary hereby agree to cooperate in making any adjustment and compromise of any loss covered by the aforementioned insurance policies upon the property, and Trustor hereby assigns all policies and authorizes and empowers Beneficiary, at Beneficiary's option, to collect and receive the proceeds, and endorse checks and drafts issued therefor. Beneficiary agrees that in the event of any loss covered by insurance policies on the Property subject to this Deed of Trust, provided there is no material default (or such existing default will be cured by the proceeds of such insurance) in the observance or performance of any of the covenants and agreements contained herein or in the Note or any future notes secured hereby, or in any other agreement with or for the benefit of the Beneficiary in connection with any indebtedness secured hereby, the proceeds of such insurance shall be used for the repair or restoration of the Property and will be disbursed in accordance with such protective terms and conditions as Beneficiary may impose.

Trustor hereby fully assigns to Beneficiary all current and future claims it may have under any policy of insurance related to the Property or the Project, regardless of whether such insurance was required to be maintained under the Loan Documents. Any and all unexpired insurance

shall inure to the benefit of and pass to the purchaser of the Property at any foreclosure sale, or any Trustee's sale held pursuant hereto.

Further, Beneficiary may at any time in its sole discretion require Trustor to submit satisfactory evidence of insurance policies obtained pursuant to this Paragraph 3, and of Trustor's compliance with all the provisions of said policies.

4. Lawsuits. To appear in and defend, or otherwise take such action therein as the Beneficiary and Trustee or either of them may deem advisable with respect to, any action or proceeding affecting the security for the Loan in which Beneficiary or Trustee may appear.

5. Beneficiary Statement. To pay all charges for all court costs and expenses which Beneficiary may elect to advance in order to keep unimpaired, protect, and preserve the title thereto; and to pay for any statement provided for by law in effect at the date hereof regarding the obligations secured hereby, any amount demanded by the Beneficiary not to exceed the maximum allowed by law at the time when said statement is demanded.

6. Condemnation. That all judgments, awards of damages and settlements, hereafter made as a result of or in lieu of any condemnation or other proceedings for public use of, or for any damage to, the Property or the improvements thereon, are, to the extent of trustor's right thereto, hereby assigned to Beneficiary. If (i) Trustor is not in material default hereunder (or such default will be cured with the proceeds from the foregoing), and (ii) the taking is a partial taking, all proceeds thereof shall be applied to restoring the Property, if practicable, as reasonably determined by Beneficiary. In the event (i) Trustor is in material default hereunder (and such default will not be cured with the proceeds of the foregoing), (ii) the taking is a total taking, or (iii) the taking is a partial taking and Beneficiary has reasonably determined that restoration of the Property is not practicable, the proceeds shall be paid to beneficiaries, including Beneficiary, in the order of their lien priority, to the extent of those monies due and owing under the Note, this Deed of Trust, future notes or future deeds of trust, and Beneficiary is hereby authorized to receive such monies. Trustor agrees to execute such further assignments of any such award, judgment or settlement which may be received by Trustor. Subject to any prior rights of creditors under the Senior Financing (as defined in the Loan Agreement), Beneficiary may apply any and all such sums to the indebtedness secured hereby in such manner as it elects or, at its option, the entire amount so received by it or any part thereof may be released. Neither the application nor the release of any such sums shall cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice.

7. Permitted Acts of Beneficiary. That without affecting the liability of any person, including Trustor (other than any person released pursuant hereto), for the payment of any indebtedness secured hereby, Beneficiary is authorized and empowered as follows: Beneficiary may at any time, and from time to time, either before or after the maturity of the obligations secured hereby, and without notice (a) release any person liable for the payment of any of the indebtedness, (b) make any agreement extending the time or otherwise altering the terms of payment of any of the indebtedness, (c) accept additional security therefor of any kind, or (d) release any property, real or personal, securing the indebtedness.

8. Reconveyance of Property. That upon written request of Beneficiary

stating that all sums secured hereby have been paid, and upon surrender of this Deed of Trust and the Note to Trustee for cancellation and retention, and upon payment of its fees, Trustee shall reconvey, without warranty, the Mortgaged Property then held hereunder. The recitals in such reconveyance of any matters of fact shall be conclusive proof of the truthfulness thereof. The grantee in such reconveyance may be described as "the person or persons legally entitled thereto."

9. Default and Trustee's Sale. That upon the occurrence of an "Event of Default" under this Deed of Trust (as defined in Section 18 below) Beneficiary may declare all principal remaining unpaid, all interest then earned and remaining unpaid, and all sums other than principal or interest secured hereby, immediately due and payable (and thenceforth at the option of the Beneficiary and except as otherwise prohibited by law, the entire balance of the unpaid principal shall bear interest at the Default Rate of interest per annum as set forth in the Note until paid) and may proceed to exercise the power of sale granted by this Deed of Trust by delivery to Trustee of written declaration of default and demand for sale and of written notice of default and of election to cause to be sold said Mortgaged Property, which notice Trustee shall cause to be filed for record. Beneficiary also shall deposit with Trustee this Deed of Trust, the Note and all documents evidencing expenditures secured hereby.

After the lapse of such time as may then be required by law following the recordation of said notice of default, and notice of sale having been given as then required by law, Trustee, without demand on Trustor, shall sell the Mortgaged Property at the time and place fixed by it in said notice of sale, either as a whole or in separate parcels, and in such order as it may determine, at public auction to the highest bidder for cash in lawful money of the United States, payable at time of sale. Trustee may postpone sale of all or any portion of the Mortgaged Property by public announcement at such time and place of sale, and from time to time thereafter may postpone such sale by public announcement at the time fixed by the preceding postponement. Trustee shall deliver to such purchaser its instrument conveying the Mortgaged Property so sold, but without any covenant or warranty, express or implied. The recitals in such deed of any matters or facts shall be conclusive proof of the truthfulness thereof. Any person, including Trustor, Trustee or Beneficiary, may purchase at such sale.

After deducting all costs, fees and expenses of Trustee, including cost of evidence of title in connection with sale, Trustee shall apply the proceeds of sale to payment of: first, all sums expended by the Beneficiary under the terms hereof or under the Note, not then repaid, with accrued interest at the rate of three percent (3%) per annum (simple interest); second, all other sums then secured hereby; and the remainder, if any, to the person or persons legally entitled thereto.

10. Substitute Trustees. Beneficiary, or any successor in ownership of any indebtedness secured hereby, may from time to time, by instrument in writing, substitute a successor or successors to any Trustee named herein or acting hereunder, which instrument, executed by the Beneficiary and duly acknowledged and recorded in the Office of the Recorder of the County of Los Angeles, and by otherwise complying with the provisions of California Civil Code Section 2934a, or any successor section, shall be conclusive proof of proper substitution of such successor Trustee or Trustees, who shall, without conveyance from the Trustee predecessor, succeed to all its title, estate, right, powers and duties. Said instrument must contain the name of the original Trustor, Trustee and Beneficiary hereunder, the book and page where this Deed of Trust is recorded and the name and address of the new Trustee.



11. Successors Bound. That this Deed of Trust applies to, inures to the benefit of, and binds all parties hereto, their heirs, legatees, devisees, administrators, executors, successors, assigns, trustees and receivers. In this Deed of Trust, whenever the context so requires, the masculine gender includes the feminine and/or neuter, and the singular number includes the plural.

12. Evidence of Title. That if, because of any default hereunder, or because of the filing or contemplated filing of any legal proceedings affecting the Mortgaged Property, Beneficiary deems it necessary to obtain an additional evidence of title or to cure any defect in title, Beneficiary may procure such evidence or cure such defect, pay the cost thereof, and shall have an immediate claim against Trustor therefor, together with a lien upon the Mortgaged Property for the amount so paid, with interest at the rate of three percent (3%) per annum (simple interest). Beneficiary is further authorized to require an appraisal of the Mortgaged Property at any time that Beneficiary may reasonably request.

13. Default in Other Instruments; Bankruptcy. That default in the terms of any other instrument securing the debt secured hereby, and/or the filing or other commencement of any bankruptcy or insolvency proceedings including any assignment for the benefit of creditors or other proceedings intended to liquidate or rehabilitate, by, for or against Trustor shall after any applicable cure period constitute default under this Deed of Trust.

14. Statute of Limitations. That the pleading of any statute of limitations as a defense to any and all obligations secured by this Deed of Trust is hereby waived by the Trustor, to the full extent permissible by law.

15. Severability. That the invalidity of any one or more covenants, phrases, clauses, sentences, paragraphs or sections of this Deed of Trust shall not affect the remaining portions of this Deed of Trust or any part hereof and this Deed of Trust shall be constructed as if such invalid covenants, phrases, sentences, paragraphs or sections, if any, had not been inserted herein.

16. Order of Application. That if the indebtedness secured hereby is now or hereafter becomes further secured by a security agreement, deed of trust, pledge, contract of guaranty or other additional securities, Beneficiary may to the full extent allowed by law, at its option, exhaust any one or more of said securities as well as the security hereunder, either concurrently or independently and in such order as it may determine, and may apply the proceeds received upon the indebtedness secured hereby without affecting the status of, or waiving any right to exhaust all or any other security including the security thereunder and without waiving any breach or default in any right or power, whether exercised hereunder or contained herein, or in any such other security.

17. Covenants of Trustor.

a. Audit by State and Federal Agencies. In the event the Loan is subjected to audit, monitoring or other inspections by appropriate state and federal agencies, Trustor shall comply with such inspections and pay, on behalf of itself and Beneficiary, the full amount of the cost to the inspecting agency of such inspections (unless such inspection and any resulting liability arises solely from the gross negligence or willful misconduct of Beneficiary).

b. Program Evaluation and Review Trustor shall allow Beneficiary's authorized personnel to inspect and monitor its facilities and program operations as they relate to the Project or the Loan Agreement, including the interview of Trustor's staff, tenants, and other program participants, as reasonably required by Beneficiary during the term of the Loan.

18. Default. The Trustor shall be in default under this Deed of Trust upon any of the following events which, if not cured within the applicable cure period provided, if any, shall constitute an event of default hereunder ("Event of Default"):

a. The failure of Trustor to pay or perform any monetary covenant or obligation hereunder or under the terms of the Note, the Loan Agreement or any other documents executed in connection therewith, without curing such failure within ten (10) days after receipt of written notice of such default from Beneficiary (or from any party authorized by Beneficiary to deliver such notice as identified by Beneficiary in writing to Trustor). Notwithstanding anything herein to the contrary, the herein described notice requirements and cure periods shall not apply to a failure by Trustor to timely repay the Loan at the Maturity Date of the Note;

b. The failure of Trustor to perform any non-monetary covenant or obligation hereunder or under the terms of the Loan Agreement, the Note or any other documents executed in connection therewith, without curing such failure within thirty (30) days after receipt of written notice of such default from Beneficiary (or from any party authorized by Beneficiary to deliver such notice as identified by Beneficiary in writing to Trustor) specifying the nature of the event or deficiency giving rise to the default and the action required to cure such deficiency. Provided, however, that if any default with respect to a non-monetary obligation is such that it cannot be cured within a 30-day period, it shall be deemed cured if Trustor commences the cure within said 30-day period and diligently prosecutes such cure to completion thereafter. Notwithstanding anything herein to the contrary, the herein described notice requirements and cure periods shall not apply to any Event of Default described in Sections 18(c) through 18(g) below;

c. The material falsity of any representation or breach of any warranty or covenant made by Trustor under the terms of this Deed of Trust, the Note, the Loan Agreement or any other document executed in connection therewith;

d. Trustor or any constituent member or partner, or majority shareholder, of Trustor shall (a) apply for or consent to the appointment of a receiver, trustee, liquidator or custodian or the like of its property, (b) fail to pay or admit in writing its inability to pay its debts generally as they become due, (c) make a general assignment for the benefit of creditors, (d) be adjudicated a bankrupt or insolvent or (e) commence a voluntary case under the Federal bankruptcy laws of the United States of America or file a voluntary petition that is not withdrawn within ten (10) days of the filing thereof or answer seeking an arrangement with creditors or an order for relief or seeking to take advantage of any insolvency law or file an answer admitting the material allegations of a petition filed against it in any bankruptcy or insolvency proceeding;

e. If without the application, approval or consent of Trustor, a proceeding shall be instituted in any court of competent jurisdiction, under any law relating to bankruptcy, in respect of Trustor or any constituent member or partner, or majority shareholder, of Trustor, for an order for relief or an adjudication in bankruptcy, a composition or arrangement

with creditors, a readjustment of debts, the appointment of a trustee, receiver, liquidator or custodian or the like of Trustor or of all or any substantial part of Trustor's assets, or other like relief in respect thereof under any bankruptcy or insolvency law, and, if such proceeding is being contested by Trustor, in good faith, the same shall (a) result in the entry of an order for relief or any such adjudication or appointment, or (b) continue undismissed, or pending and unstayed, for any period of ninety (90) consecutive days;

f. Trustor shall suffer or attempt to effect "Transfer" (as defined in Section 33 below) other than in full compliance with the terms of this Deed of Trust (or otherwise in violation of Section 15 or 34 of the Loan Agreement);

g. Trustor shall be in default under the CC&Rs, the Senior Financing, any Junior Financing or Other Financing (as all these terms are defined in the Loan Agreement), the Supportive Services Agreement (as defined in, and if applicable under, Section 8 of the Loan Agreement) or any other secured or unsecured obligation relating to the Project, unless the default is cured within the cure period, if any, applicable thereto under the terms of the obligation which is in default; or

h. Following completion of the construction of the Project, voluntary cessation of the operation of the Project for a continuous period of more than thirty (30) days or the involuntary cessation of the operation of the Project in accordance with this Deed of Trust for a continuous period of more than sixty (60) days.

19. Acceleration. The entire principal and all accrued and unpaid interest on the Note shall be due and payable as therein set forth; provided, however, that the entire balance of the outstanding principal and all accrued and unpaid interest on the Note, together with any outstanding interest and other amounts payable thereunder, shall, at the election of Beneficiary and upon notice to Trustor thereof, become immediately due and payable upon any Event of Default as set forth in the Note, without presentment, demand, protest or other notice of any kind, all of which are hereby waived by Trustor.

20. Breach by Trustor, Cure by Beneficiary or Trustee. In the event of Trustor's failure to comply with any or all of the promises and agreements set forth in this Deed of Trust or to make any payment or to do any act as provided in this Deed of Trust, then Beneficiary or Trustee, but without obligation so to do and without notice to or demand upon Trustor and without releasing Trustor from any obligation hereof, may make or do the same in such manner and to such extent as either in its sole judgment may deem necessary to protect the security hereof (including, without limitation, to procure insurance and pay the premiums therefor; to pay unpaid water rents, sewer service charges, and other governmental or municipal charges and rates, and all or any part of the unpaid taxes, assessments, and reassessments, if in its judgment the same are just and valid; to pay the cost of appraisals, reappraisals, and extensions of title; to enter or have its agents enter upon the Property whenever reasonably necessary for the purpose of inspecting the Property and the improvement hereon or making repairs or installations as it deems necessary to preserve the Property and the improvement hereon or to protect the same from vandalism, without thereby becoming liable as a trespasser or mortgagee or beneficiary in possession, and to pay for such repairs and installations). Beneficiary and Trustee are hereby authorized to enter upon the Property for such purposes; to appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; to pay, purchase, contest or compromise any encumbrance, charge or lien which in the judgment of either

appears to be prior or superior hereto; and, in exercising any such powers, to pay necessary expenses, employ counsel of its choice and pay the reasonable fees of such counsel. Trustor agrees to pay immediately and without demand all sums so expended by Beneficiary or Trustee, with interest from the date of expenditure at the amount allowed by law in effect at the date hereof, and that Beneficiary shall have a lien upon the Mortgaged Property for the sums so expended and such interest thereon.

21. Security Agreement. That all property covered by this Deed of Trust be deemed to constitute real property or interests in real property to the maximum extent permitted under applicable law. To the extent that any tangible property, equipment or other property covered by this Deed of Trust constitutes personal property, such personal property shall constitute additional security. This Deed of Trust shall create in Beneficiary a security interest in such personal property and shall in respect thereof constitute a security agreement (the "Security Agreement"). Beneficiary shall be entitled to all of the rights and remedies in respect of any personal property included in the Property covered by this Deed of Trust afforded a secured party under the Uniform Commercial Code and other applicable law. At Beneficiary's request Trustor will at any time and from time to time furnish Beneficiary for filing financing statements signed by Trustor in form satisfactory to Beneficiary. Trustor acknowledges and agrees that thirty (30) days' notice as to the time, place and date of any proposed sale of any personal property shall be deemed reasonable for all purposes. Trustor agrees that the Security Agreement created hereby shall survive the termination or reconveyance of this Deed of Trust unless Beneficiary executes documentation expressly terminating the Security Agreement.

22. Assumption of Liability. Except as provided in Section 33 below, the assumption of liability for the payment of the indebtedness hereby secured, by any successor in interest to Trustor in the Mortgaged Property (in the event Beneficiary elects not to accelerate the repayment of the Loan pursuant to any transfer or disposition of the Mortgaged Property by operation of law or otherwise) shall not release Trustor from any liability Trustor has hereunder or under the other Loan Documents for the payment of such indebtedness or any sums advanced under and secured by this Deed of Trust. Any forbearance or indulgence of Beneficiary, or extensions of time for the payment of all or any part of the indebtedness secured hereby, or the release of a part of the Mortgaged Property from the lien of this Deed of Trust, for, or without, payment of a consideration, shall not in any manner diminish or reduce the liability of Trustor for the payment of the indebtedness now or hereafter secured hereby; and that any payments made upon the said indebtedness shall be deemed to have been made on behalf and for the benefit of all parties obligated to pay the same. The acceptance of payments in excess of the instalments provided to be paid upon the Note or the consideration paid for any such release shall not alter or diminish the obligation of Trustor to thereafter make payments in the amounts and on the dates provided therein, until the same are fully paid.

23. Future Advances. That upon the request of the Trustor or its successor in ownership of the Mortgaged Property, Beneficiary may, at its option, at any time before full payment of the Note secured hereby, make further advances to the Trustor or its successors in ownership, and the same, with interest and late charges as permitted by law, shall be secured by this Deed of Trust; and provided further that if Beneficiary, at its option, shall make a further advance or advances as aforesaid, the Trustor or its successors in ownership agree to execute and deliver to Beneficiary a note to evidence the same, payable on or before the maturity of the indebtedness under the Note secured hereby and bearing such other terms as Beneficiary shall require.

Trustor further acknowledges and agrees: that this Deed of Trust is intended to, and shall, secure not only the original indebtedness under the Note, but any and all future advances made by Beneficiary to Trustor; that this Deed of Trust shall secure any unpaid balances of advances made with respect to the Mortgaged Property; that Beneficiary shall have the benefit of all statutes now existing or henceforth enacted to assure repayment of any such future advances plus interest thereon; that to secure the payment of said original indebtedness and future advances Beneficiary shall also have a lien upon all other personal property and securities now or hereafter in its possession belonging to Trustor; that all rights, powers and remedies conferred upon Beneficiary herein are in addition to each and every other right which Beneficiary has hereunder; that all rights, powers and remedies conferred upon Beneficiary in equity or by law may be enforced concurrently therewith; that Beneficiary shall be subrogated to the rights and seniority of any prior lien paid or released by reason of the application thereon of any of the proceeds hereof, and that each and all of the covenants, agreements, and provisions hereof shall bind the respective heirs, executors, administrators, successors, and assigns of Trustor and Beneficiary herein, and all others who subsequently acquire any right, title, or interest in the Property, or to this Deed of Trust and the indebtedness secured hereby.

24. Captions. That the captions of the sections of this Deed of Trust are for convenience only and shall not be considered in resolving questions of interpretation or construction.

25. Estoppel Certificates. That Trustor shall from time to time at Beneficiary's request furnish Beneficiary or any person designated by Beneficiary a certified statement in form satisfactory to Beneficiary confirming as of the date of the certificate the unpaid principal balance and accrued interest on the Note and stating that Trustor is not in default hereunder (or describing any default), and stating that Trustor has no defense, right of set off or counterclaim in the payment of the indebtedness, or any part thereof, or the observance or performance of any obligation (or describing any such defense, set off or counterclaim). Any purchaser or assignee of the Note or this Deed of Trust or any interest therein may rely on such certificate.

26. Books and Records. That Trustor and all subsequent owners of the Property, if any, shall keep and maintain full and correct books and records showing in detail the earnings and expenses of the Mortgaged Property and shall permit Beneficiary or its representatives to examine such books and records and all supporting data and vouchers, from time to time at reasonable times, on request, at Trustor's offices or at another mutually agreed upon location.

27. Obligation Non-Recourse. Except to the extent any Event of Default hereunder results directly or indirectly from any fraud or intentional and material misrepresentation by Borrower in connection with the Loan, in the event of the occurrence of an Event of Default, Beneficiary's only recourse under this Deed of Trust shall be against the Mortgaged Property, the proceeds thereof, the rents and other income arising from its use and occupancy as provided in the Deed of Trust, and any other collateral given to Beneficiary as security for repayment of the Loan.

28. Fixture Filing. This Deed of Trust is also a fixture filing with respect to the personal property which is or is to become fixtures on the Property, and is to be recorded in the real property records of Los Angeles County, California.

29. Assignment of Rents. All of the existing and future rents, royalties, income, and profits of the Mortgaged Property that arise from its use or occupancy are hereby absolutely and presently assigned to Beneficiary. However, until Trustor is in default under this Deed of Trust, Trustor will have a license to collect and receive those rents, royalties, income and profits. Upon any Event of Default by Trustor, Beneficiary may terminate Trustor's license in its discretion, at any time, without notice to Trustor, and may thereafter collect the rents, royalties, income and profits itself or by an agent or receiver. No action taken by Beneficiary to collect any rents, royalties, income or profits will make Beneficiary a "mortgagee-in-possession" of the Mortgaged Property, unless Beneficiary personally or by agent enters into actual possession of the Mortgaged Property. Possession by a court-appointed receiver will not be considered possession by Beneficiary. All rents, royalties, income and profits collected by Beneficiary or a receiver will be applied first to pay all expenses of collection, and then to the payment of all costs of operation and management of the Mortgaged Property, and then to the payment of the indebtedness and obligations secured by the Deed of Trust in whatever order Beneficiary directs in its absolute discretion and without regard to the adequacy of its security. If required by Beneficiary, each lease or occupancy agreement affecting any of the Mortgaged Property must provide, in a manner approved by Beneficiary, that the tenant will recognize as its lessor any person succeeding to the interest of Trustor upon any foreclosure of this Deed of Trust. The expenses (including receivers' fees, if any, compensation to any agent appointed by Beneficiary, counsel fees, costs and compensation to any agent appointed by Beneficiary, and disbursements) incurred in taking possession and making such collection, shall be deemed a portion of the expense of this trust. The entering upon and taking possession of the Mortgaged Property, and/or the collection of such rents, issues and profits and the application thereof as aforesaid, shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice. Beneficiary may exercise any one or more of the remedies in this section without waiving its right to exercise any such remedies again or for the first time in the future. The foregoing shall be subject to the provisions of applicable law.

30. Applicable Law. This Deed of Trust shall be governed by, and construed in accordance with, the laws of the State of California.

31. Approvals. Except with respect to those matters set forth hereinabove providing for the Beneficiary's approval, consent or determination to be at the Beneficiary's "sole discretion" or "sole and absolute discretion," the Beneficiary hereby agrees to act reasonably with regard to any approval, consent, or other determination given by the Beneficiary hereunder. The Beneficiary agrees to give Trustor written notice no later than 30 days of its approval or disapproval following submission of items to the Beneficiary for approval, including, in the case of any disapproved item, the reasons for such disapproval. Any consent to a transfer under Section 33 of this Deed of Trust, and any other consent or approval by Beneficiary under this Deed of Trust or any of the other Loan Documents, may be given by Beneficiary's Executive Director without action of Beneficiary's governing board unless the Executive Director in his or her sole discretion elects to refer the matter to the board.

32. Good Faith and Fair Dealing. The Beneficiary and Trustor agree to perform all of their obligations and the actions required of each hereunder in good faith and in accordance with fair dealing.

33. Assignment of Interest.

Without the prior written approval of the Beneficiary, which approval the Beneficiary may grant or withhold in Beneficiary's sole and absolute discretion, Trustor shall not (i) sell, encumber, assign or otherwise transfer (collectively, "Transfer") all or any portion of its interest in the Mortgaged Property (including the Project), (ii) permit the Transfer of greater than 49% of its ownership and/or control, in the aggregate, taking all transfers into account on a cumulative basis, or (iii) Transfer any of its rights or obligations under the Loan Documents. Trustor hereby agrees that any purported Transfer not approved by the Beneficiary as required herein shall be ipso facto null and void, and no voluntary or involuntary successor to any interest of Trustor under such a proscribed Transfer shall acquire any rights pursuant to the Loan Agreement or this Deed of Trust.

At any time Trustor desires to effect a Transfer hereunder, Trustor shall notify the Beneficiary in writing (the "Transfer Notice") and shall submit to the Beneficiary for its prior written approval (i) all proposed agreements and documents (collectively, the "Transfer Documents") memorializing, facilitating, evidencing and/or relating to the circumstances surrounding such proposed Transfer, and (ii) a certificate setting forth representations and warranties by Trustor and the proposed transferee to the Beneficiary sufficient to establish and insure that all requirements of this Section 33 have been and will be met. No Transfer Documents shall be approved by the Beneficiary unless they expressly provide for the assumption by the proposed transferee of all of Trustor's obligations under the Loan Documents. The Transfer Notice shall include a request that the Beneficiary consent to the proposed Transfer and shall also include a request that Trustor be released from further obligations under the Loan Documents. The Beneficiary agrees to make its decision on Trustor's request for consent to such Transfer, as promptly as possible, and, in any event, not later than thirty (30) days after the Beneficiary receives the last of the items required by this Section 33. In the event the Beneficiary consents to a proposed Transfer, then such Transfer shall not be effective unless and until the Beneficiary receives copies of all executed and binding Transfer Documents which Transfer Documents shall conform with the proposed Transfer Documents originally submitted by Trustor to the Beneficiary. From and after the effective date of any such Transfer, Trustor shall be released from obligations arising thereafter under the Loan Documents.

Notwithstanding anything in this Deed of Trust to the contrary, Trustor agrees that it shall not be permitted to make any Transfer, whether or not the Beneficiary consent is required therefor and even if the Beneficiary has consented thereto, if there exists an Event of Default under this Deed of Trust at the time the Transfer Notice is tendered to the Beneficiary or at any time thereafter until such Transfer is to be effective.

The provisions of this Section 33 shall apply to each successive Transfer and proposed transferee in the same manner as initially applicable to Trustor under the terms set forth herein.

(CONTINUED ON NEXT PAGE)

IN WITNESS WHEREOF, the undersigned have executed this Deed of Trust as of the date first above written.

TRUSTOR:

WOODS FAMILY HOUSING PARTNERS, L.P.  
a California Limited Partnership

By: SOUTHERN CALIFORNIA HOUSING DEVELOPMENT CORPORATION  
OF LOS ANGELES  
A California non-profit corporation, its General Partner

By: \_\_\_\_\_  
Richard J. Whittingham, Chief Financial Officer

BENEFICIARY:

COMMUNITY DEVELOPMENT COMMISSION  
OF THE COUNTY OF LOS ANGELES,  
a public body corporate and politic

By: \_\_\_\_\_  
Carlos Jackson, Executive Director

APPROVED AS TO FORM:

Raymond G. Fortner, Jr., County Counsel

By: \_\_\_\_\_  
Deputy



STATE OF CALIFORNIA                    )  
  ) ss.  
COUNTY OF LOS ANGELES            )

On \_\_\_\_\_ before me, \_\_\_\_\_, Notary  
Public, personally appeared

\_\_\_\_\_ who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

\_\_\_\_\_  
Signature

STATE OF CALIFORNIA                    )  
  ) ss.  
COUNTY OF LOS ANGELES            )

On \_\_\_\_\_ before me, \_\_\_\_\_, Notary  
Public, personally appeared

\_\_\_\_\_ who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.  
WITNESS my hand and official seal.

\_\_\_\_\_  
Signature

STATE OF CALIFORNIA            )  
  ) ss.  
COUNTY OF LOS ANGELES       )

On \_\_\_\_\_ before me, \_\_\_\_\_, Notary  
Public, personally appeared

\_\_\_\_\_ who proved to me on the  
basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within  
instrument and acknowledged to me that he/she/they executed the same in his/her/their  
authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s),  
or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the  
foregoing paragraph is true and correct.

WITNESS my hand and official seal.

\_\_\_\_\_  
Signature

Deed of Trust Attachment 1

**LEGAL DESCRIPTION OF THE SITE**

(Please see attached)

LOTS 169, 170, 171, 172, 173, 174, 175 AND 176 IN TRACT NO. 10665, IN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 164 PAGES 9 TO 12 INCLUSIVE OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPTING THEREFROM LOTS 169, 170, 171 AND 172 ALL MINERALS, GAS, OIL, PETROLEUM, NAPHTHA AND OTHER HYDROCARBON SUBSTANCES IN AND UNDER THE ABOVE DESCRIBED PROPERTY, TOGETHER WITH ALL NECESSARY AND CONVENIENT RIGHTS TO EXPLORE FOR, DEVELOP, PRODUCE, EXTRACT AND TAKE THE SAME, INCLUDING THE EXCLUSIVE RIGHT TO DIRECTIONALLY DRILL INTO AND THROUGH SAID LAND FROM OTHER LANDS AND INTO THE SUBSURFACE OF OTHER LANDS, SUBJECT TO THE EXPRESS LIMITATION THAT ANY AND ALL OPERATIONS FOR THE EXPLORATION, DEVELOPMENT, PRODUCTION, EXTRACTION, AND TAKING OF ANY OF SAID SUBSTANCES SHALL BE CARRIED ON AT LEVELS BELOW THE DEPTH OF 500 FEET FROM THE SURFACE OF THE ABOVE DESCRIBED PROPERTY, BY MEANS OF MINES, WELLS, DERRICKS, AND/OR OTHER EQUIPMENT FROM SURFACE LOCATIONS ON ADJOINING OR NEIGHBORING LAND LYING OUTSIDE OF THE ABOVE DESCRIBED PROPERTY, AND SUBJECT FURTHER TO THE EXPRESS LIMITATION THAT THE FOREGOING RESERVATION SHALL IN NO WAY BE INTERPRETED TO INCLUDE ANY RIGHT OF ENTRY IN AND UPON THE SURFACE OF THE ABOVE DESCRIBED STRIP OF LAND, AS WAS RESERVED BY WELLS FARGO BANK AMERICAN TRUST COMPANY, A CORPORATION, ET AL, IN DEED RECORDED MARCH 1, 1961 AS INSTRUMENT NO. 4239, IN BOOK D-1140 PAGE 258, OFFICIAL RECORDS, AND AS RESERVED BY EDWARD HELLMAN HELLER, ET AL., IN DEED RECORDED AUGUST 24, 1961 AS INSTRUMENT NO. 1747, IN BOOK D-1332 PAGE 594, OFFICIAL RECORDS.

**EXHIBIT "F" TO LOAN AGREEMENT  
INDUSTRY LEASEHOLD DEED OF TRUST**

(HOME LOAN - PROJECT NO. \_\_\_\_\_)  
(INDUSTRY LOAN - PROJECT NO. \_\_\_\_\_)

(Please See Attached)

**EXHIBIT "F" TO LOAN AGREEMENT**

**DEED OF TRUST**

HOME PROGRAM - PROJECT NO. HE00XX  
INDUSTRY FUND - PROJECT NO. YY11XX

**OFFICIAL BUSINESS**

Document entitled to free  
recording per Govt. Code Section 6103.

Recording Requested by and  
When Recorded Mail To:

COMMUNITY DEVELOPMENT COMMISSION  
OF THE COUNTY OF LOS ANGELES  
2 Coral Circle  
Monterey Park, CA 91755  
Attn.: Director of Housing Development and Preservation

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Above Space For Recorder's Use Only

**LEASEHOLD DEED OF TRUST, ASSIGNMENT OF RENTS,  
SECURITY AGREEMENT AND FIXTURE FILING**

THIS LEASEHOLD DEED OF TRUST, ASSIGNMENT OF RENTS, SECURITY AGREEMENT AND FIXTURE FILING ("Deed of Trust") is made as of \_\_\_\_\_, 2008, by and between WOODS FAMILY HOUSING PARTNERS, L.P., a California limited partnership ("Trustor") whose address is 10681 Foothill Blvd., Suite 220, Rancho Cucamonga, CA 91730, Chicago Title Company ("Trustee") and the COMMUNITY DEVELOPMENT COMMISSION OF THE COUNTY OF LOS ANGELES, a public body corporate and politic ("Beneficiary").

**R E C I T A L S**

A. Beneficiary is making a loan to Trustor in the original principal amount of Two Million, Thirty-Seven Thousand Dollars (\$2,037,000) (the "Loan") pursuant to that certain Acquisition and Loan Agreement (the "Loan Agreement") entered into by Trustor and Beneficiary and dated as of \_\_\_\_\_, 2008. The Loan is evidenced by a promissory note of even date herewith executed by Trustor (the "Note") in the principal amount of the Loan.

B. Trustor intends to use the Loan proceeds for the purpose of providing permanent financing for the housing development described in the Loan Agreement (the "Project"). The Project is developed on a site legally described on Attachment "1" to this Deed of Trust (the "Site").

C. Trustor has a leasehold interest in the Site pursuant to a Ground Lease dated \_\_\_\_\_ (the "Lease") by and between the Trustor, as lessee, and the Beneficiary, as lessor. The leasehold interest in the Site is hereinafter referred to as the "Property." Trustor shall be the owner of the Project and all other improvements to be developed on the Property in accordance with the terms of the Lease.

NOW THEREFORE, in consideration of the Loan, Trustor hereby irrevocably grants, conveys, transfers and assigns to Trustee, its successors and assigns, in trust, with power of sale and right of entry and possession as provided below, all of its present and future estate, right, title and interest in and to the Property, together with all, right, title and interest of Trustor therein and in and to, and grants to Beneficiary a security interest in, the following:

(A) All development rights, air rights, water, water rights, and water stock relating to the Property.

(B) All present and future structures, buildings, improvements, appurtenances and fixtures of any kind on the Property, including but not limited to all apparatus, attached equipment and appliances used in connection with the operation or occupancy of the Property, such as heating and air-conditioning systems and facilities used to provide any utility services, ventilation, vehicular cleaning, storage or other services on the Property, and all signage, carpeting and floor coverings, partitions, generators, screens, awnings, boilers, furnaces, pipes, plumbing, vacuum systems, brushes, blowers, cleaning, call and sprinkler systems, fire extinguishing apparatus and equipment, water tanks, heating, ventilating, air conditioning and air cooling equipment, and gas and electric machinery and equipment, it being intended and agreed that all such items will be conclusively considered to be a part of the Property conveyed by this Deed of Trust, whether or not attached or affixed to the Property.

(C) All appurtenances of the Property and all rights of Trustor in and to any streets, roads or public places, easements or rights of way, relating to the Property.

(D) All of the rents, royalties, profits and income related to the Property, to the extent not prohibited by any applicable law.

(E) All proceeds and claims arising on account of any damage to or taking of the Property and all causes of action and recoveries for any loss or diminution in value of the Property.

(F) All existing and future goods, inventory, equipment and all other personal property of any nature whatsoever now or hereafter located on the Property which are now or in the future owned by Trustor and used in the operation or occupancy of the Property or in any construction on the Property but which are not effectively made real property under Clause (B) above, including but not limited to all appliances, furniture and furnishings, building service equipment, and building materials, supplies, equipment, machinery, plumbing and plumbing material and supplies, concrete, lumber, hardware, electrical wiring and electrical material and supplies, roofing material and supplies, doors, paint, drywall, insulation, cabinets, ceramic material and supplies, flooring, attached appliances, fencing, landscaping and all other materials, supplies and property of every kind and nature.

(G) All present and future accounts, general intangibles, chattel paper, contract rights, deposit accounts, instruments and documents as those terms are defined in the California Uniform Commercial Code, now or hereafter relating or arising with respect to the Property and/or the use thereof or any improvements thereto, including without limitation: (i) all rights to the payment of money, including escrow proceeds arising out of the sale or other disposition of all or any portion of the estate of Trustor upon the Property now or hereafter existing thereon; (ii) all plans, specifications and drawings relating to the development of the

Property and/or any construction thereon; (iii) all use permits, licenses, occupancy permits, construction and building permits, and all other permits and approvals required by any governmental or quasi-governmental authority in connection with the development, construction, use, occupancy or operation of the Property; (iv) any and all agreements relating to the development, construction, use, occupancy and/or operation of the Property between Trustor and any contractor, subcontractor, project manager or supervisor, architect, engineer, laborer or supplier of materials; (v) all lease or rental agreements; (vi) all names under which the Property is now or hereafter operated or known and all rights to carry on business under any such names or any variant thereof; (vii) all trademarks relating to the Property and/or the development, construction, use, occupancy or operation thereof; (viii) all goodwill relating to the Property and/or the development, construction, use, occupancy or operation thereof; (ix) all reserves, deferred payments, deposits, refunds, cost savings, bonds, insurance policies and payments of any kind relating to the Property; (x) all loan commitments issued to Trustor in connection with any sale or financing of the Property; (xi) all funds deposited with Beneficiary by Trustor, and all accounts of Trustor with Beneficiary, including all accounts containing security deposits and prepaid rents paid to Trustor in connection with any leases of the Property, and all proceeds thereof; and (xii) all supplements, modifications and amendments to the foregoing.

(H) All of the right, title and interest of Trustor in and to all sales contracts of any nature whatsoever now or hereafter executed covering any portion of the Property, together with all deposits or other payments made in connection therewith.

(I) All of the right, title and interest of Trustor in and to any construction contracts, plans and specifications, building permits, and all other documents necessary for completion of the improvements to the construction of the Property.

(J) All water stock relating to the Property, all shares of stock or other evidence of ownership of any part of the Property that is owned by Trustor in common with others, and all documents of membership in any owner's or members' association or similar group having responsibility for managing or operating any part of the Property.

Trustor's leasehold interest in the Property, and its ownership and/or other interests in the Project and the other real and personal property described in the immediately preceding paragraph is sometimes referred to collectively as the "Mortgaged Property."

Trustor does hereby covenant with Trustee and Beneficiary, that Trustor has good right to bargain, sell and convey Trustor's interest in the Mortgaged Property in manner and form as above written; and Trustor warrants and will defend same to Beneficiary, forever, against all lawful claims and demands whatsoever except as stated above.

#### THIS DEED OF TRUST IS FOR THE PURPOSE OF SECURING:

- (1) performance of each agreement of Trustor herein contained or incorporated herein by reference, including, without limitation, the covenants, conditions and restrictions contained in the CC&Rs recorded against the Property in favor of the Commission;
- (2) payment of the indebtedness (including, without limitation, interest thereon) evidenced by the Note, and any extension or renewal or modification thereof;



- (3) performance of each agreement of Trustor contained in the Loan Agreement, or any of the "Loan Documents" (as defined therein), and any extension, renewal or modification of such Loan Agreement and Loan Documents;

TO PROTECT THE SECURITY OF THIS DEED OF TRUST, TRUSTOR HEREBY COVENANTS AND AGREES AS FOLLOWS:

1. Payment of Secured Obligations. To pay when due (a) the principal of, and the interest on, the indebtedness evidenced by the Note, (b) charges, fees and all other sums as provided in the Loan Agreement, and (c) the principal of, and interest on, any future advances secured by this Deed of Trust.

2. Maintenance, Repair, Alterations. To keep the Property in good condition and repair; to complete promptly and in a good and workmanlike manner all buildings and other improvements to be constructed on the Property, including specifically all buildings and improvements described in the Loan Agreement, and promptly restore in like manner any structure that may be damaged or destroyed thereon; to pay when due all claims for labor performed and materials furnished therefor, to comply with all laws, ordinances, regulations, covenants, conditions and restrictions now or hereafter affecting the Property or any part thereof or requiring any alterations or improvements thereon; not to commit or permit any waste or deterioration of the Property; to keep and maintain abutting grounds, sidewalks, roads, parking and landscape areas in good and neat order and repair; not to commit, suffer or permit, to the extent Trustor is able by the exercise of commercially reasonable best efforts, any act to be done in or upon the Property in violation of any law, ordinance or regulation.

3. Insurance. To provide, maintain at its expense and deliver to Beneficiary at all times until payment in full of all obligations secured hereby, insurance as required by the Loan Agreement or the Note. In the event of any loss or damage, Trustor shall give immediate notice thereof to Beneficiary, and Beneficiary may thereupon make proof of such loss or damage, if the same is not promptly made by Trustor. Trustor and Beneficiary hereby agree to cooperate in making any adjustment and compromise of any loss covered by the aforementioned insurance policies upon the property, and Trustor hereby assigns all policies and authorizes and empowers Beneficiary, at Beneficiary's option, to collect and receive the proceeds, and endorse checks and drafts issued therefor. Beneficiary agrees that in the event of any loss covered by insurance policies on the Property subject to this Deed of Trust, provided there is no material default (or such existing default will be cured by the proceeds of such insurance) in the observance or performance of any of the covenants and agreements contained herein or in the Note or any future notes secured hereby, or in any other agreement with or for the benefit of the Beneficiary in connection with any indebtedness secured hereby, the proceeds of such insurance shall be used for the repair or restoration of the Property and will be disbursed in accordance with such protective terms and conditions as Beneficiary may impose.

Trustor hereby fully assigns to Beneficiary all current and future claims it may have under any policy of insurance related to the Property or the Project, regardless of whether such insurance was required to be maintained under the Loan Documents. Any and all unexpired insurance shall inure to the benefit of and pass to the purchaser of the Property at any foreclosure sale, or any Trustee's sale held pursuant hereto.

Further, Beneficiary may at any time in its sole discretion require Trustor to submit satisfactory evidence of insurance policies obtained pursuant to this Paragraph 3, and of Trustor's compliance with all the provisions of said policies.

4. Lawsuits. To appear in and defend, or otherwise take such action therein as the Beneficiary and Trustee or either of them may deem advisable with respect to, any action or proceeding affecting the security for the Loan in which Beneficiary or Trustee may appear.

5. Beneficiary Statement. To pay all charges for all court costs and expenses which Beneficiary may elect to advance in order to keep unimpaired, protect, and preserve the title thereto; and to pay for any statement provided for by law in effect at the date hereof regarding the obligations secured hereby, any amount demanded by the Beneficiary not to exceed the maximum allowed by law at the time when said statement is demanded.

6. Condemnation. That all judgments, awards of damages and settlements, hereafter made as a result of or in lieu of any condemnation or other proceedings for public use of, or for any damage to, the Property or the improvements thereon, are, to the extent of trustor's right thereto, hereby assigned to Beneficiary. If (i) Trustor is not in material default hereunder (or such default will be cured with the proceeds from the foregoing), and (ii) the taking is a partial taking, all proceeds thereof shall be applied to restoring the Property, if practicable, as reasonably determined by Beneficiary. In the event (i) Trustor is in material default hereunder (and such default will not be cured with the proceeds of the foregoing), (ii) the taking is a total taking, or (iii) the taking is a partial taking and Beneficiary has reasonably determined that restoration of the Property is not practicable, the proceeds shall be paid to beneficiaries, including Beneficiary, in the order of their lien priority, to the extent of those monies due and owing under the Note, this Deed of Trust, future notes or future deeds of trust, and Beneficiary is hereby authorized to receive such monies. Trustor agrees to execute such further assignments of any such award, judgment or settlement which may be received by Trustor. Subject to any prior rights of creditors under the Senior Financing (as defined in the Loan Agreement), Beneficiary may apply any and all such sums to the indebtedness secured hereby in such manner as it elects or, at its option, the entire amount so received by it or any part thereof may be released. Neither the application nor the release of any such sums shall cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice.

7. Permitted Acts of Beneficiary. That without affecting the liability of any person, including Trustor (other than any person released pursuant hereto), for the payment of any indebtedness secured hereby, Beneficiary is authorized and empowered as follows: Beneficiary may at any time, and from time to time, either before or after the maturity of the obligations secured hereby, and without notice (a) release any person liable for the payment of any of the indebtedness, (b) make any agreement extending the time or otherwise altering the terms of payment of any of the indebtedness, (c) accept additional security therefor of any kind, or (d) release any property, real or personal, securing the indebtedness.

8. Reconveyance of Property. That upon written request of Beneficiary stating that all sums secured hereby have been paid, and upon surrender of this Deed of Trust and the Note to Trustee for cancellation and retention, and upon payment of its fees, Trustee

shall reconvey, without warranty, the Mortgaged Property then held hereunder. The recitals in such reconveyance of any matters of fact shall be conclusive proof of the truthfulness thereof. The grantee in such reconveyance may be described as "the person or persons legally entitled thereto."

9. Default and Trustee's Sale. That upon the occurrence of an "Event of Default" under this Deed of Trust (as defined in Section 18 below) Beneficiary may declare all principal remaining unpaid, all interest then earned and remaining unpaid, and all sums other than principal or interest secured hereby, immediately due and payable (and thenceforth at the option of the Beneficiary and except as otherwise prohibited by law, the entire balance of the unpaid principal shall bear interest at the Default Rate of interest per annum as set forth in the Note until paid) and may proceed to exercise the power of sale granted by this Deed of Trust by delivery to Trustee of written declaration of default and demand for sale and of written notice of default and of election to cause to be sold said Mortgaged Property, which notice Trustee shall cause to be filed for record. Beneficiary also shall deposit with Trustee this Deed of Trust, the Note and all documents evidencing expenditures secured hereby.

After the lapse of such time as may then be required by law following the recordation of said notice of default, and notice of sale having been given as then required by law, Trustee, without demand on Trustor, shall sell the Mortgaged Property at the time and place fixed by it in said notice of sale, either as a whole or in separate parcels, and in such order as it may determine, at public auction to the highest bidder for cash in lawful money of the United States, payable at time of sale. Trustee may postpone sale of all or any portion of the Mortgaged Property by public announcement at such time and place of sale, and from time to time thereafter may postpone such sale by public announcement at the time fixed by the preceding postponement. Trustee shall deliver to such purchaser its instrument conveying the Mortgaged Property so sold, but without any covenant or warranty, express or implied. The recitals in such deed of any matters or facts shall be conclusive proof of the truthfulness thereof. Any person, including Trustor, Trustee or Beneficiary, may purchase at such sale.

After deducting all costs, fees and expenses of Trustee, including cost of evidence of title in connection with sale, Trustee shall apply the proceeds of sale to payment of: first, all sums expended by the Beneficiary under the terms hereof or under the Note, not then repaid, with accrued interest at the rate of three percent (3%) per annum (simple interest); second, all other sums then secured hereby; and the remainder, if any, to the person or persons legally entitled thereto.

10. Substitute Trustees. Beneficiary, or any successor in ownership of any indebtedness secured hereby, may from time to time, by instrument in writing, substitute a successor or successors to any Trustee named herein or acting hereunder, which instrument, executed by the Beneficiary and duly acknowledged and recorded in the Office of the Recorder of the County of Los Angeles, and by otherwise complying with the provisions of California Civil Code Section 2934a, or any successor section, shall be conclusive proof of proper substitution of such successor Trustee or Trustees, who shall, without conveyance from the Trustee predecessor, succeed to all its title, estate, right, powers and duties. Said instrument must contain the name of the original Trustor, Trustee and Beneficiary hereunder, the book and page where this Deed of Trust is recorded and the name and address of the new Trustee.

11. Successors Bound. That this Deed of Trust applies to, inures to the benefit of, and binds all parties hereto, their heirs, legatees, devisees, administrators,

executors, successors, assigns, trustees and receivers. In this Deed of Trust, whenever the context so requires, the masculine gender includes the feminine and/or neuter, and the singular number includes the plural.

12. Evidence of Title. That if, because of any default hereunder, or because of the filing or contemplated filing of any legal proceedings affecting the Mortgaged Property, Beneficiary deems it necessary to obtain an additional evidence of title or to cure any defect in title, Beneficiary may procure such evidence or cure such defect, pay the cost thereof, and shall have an immediate claim against Trustor therefor, together with a lien upon the Mortgaged Property for the amount so paid, with interest at the rate of three percent (3%) per annum (simple interest). Beneficiary is further authorized to require an appraisal of the Mortgaged Property at any time that Beneficiary may reasonably request.

13. Default in Other Instruments; Bankruptcy. That default in the terms of any other instrument securing the debt secured hereby, and/or the filing or other commencement of any bankruptcy or insolvency proceedings including any assignment for the benefit of creditors or other proceedings intended to liquidate or rehabilitate, by, for or against Trustor shall after any applicable cure period constitute default under this Deed of Trust.

14. Statute of Limitations. That the pleading of any statute of limitations as a defense to any and all obligations secured by this Deed of Trust is hereby waived by the Trustor, to the full extent permissible by law.

15. Severability. That the invalidity of any one or more covenants, phrases, clauses, sentences, paragraphs or sections of this Deed of Trust shall not affect the remaining portions of this Deed of Trust or any part hereof and this Deed of Trust shall be constructed as if such invalid covenants, phrases, sentences, paragraphs or sections, if any, had not been inserted herein.

16. Order of Application. That if the indebtedness secured hereby is now or hereafter becomes further secured by a security agreement, deed of trust, pledge, contract of guaranty or other additional securities, Beneficiary may to the full extent allowed by law, at its option, exhaust any one or more of said securities as well as the security hereunder, either concurrently or independently and in such order as it may determine, and may apply the proceeds received upon the indebtedness secured hereby without affecting the status of, or waiving any right to exhaust all or any other security including the security thereunder and without waiving any breach or default in any right or power, whether exercised hereunder or contained herein, or in any such other security.

17. Covenants of Trustor.

a. Audit by State and Federal Agencies. In the event the Loan is subjected to audit, monitoring or other inspections by appropriate state and federal agencies, Trustor shall comply with such inspections and pay, on behalf of itself and Beneficiary, the full amount of the cost to the inspecting agency of such inspections (unless such inspection and any resulting liability arises solely from the gross negligence or willful misconduct of Beneficiary).

b. Program Evaluation and Review Trustor shall allow Beneficiary's authorized personnel to inspect and monitor its facilities and program operations as they relate

to the Project or the Loan Agreement, including the interview of Trustor's staff, tenants, and other program participants, as reasonably required by Beneficiary during the term of the Loan.

18. Default. The Trustor shall be in default under this Deed of Trust upon any of the following events which, if not cured within the applicable cure period provided, if any, shall constitute an event of default hereunder ("Event of Default"):

a. The failure of Trustor to pay or perform any monetary covenant or obligation hereunder or under the terms of the Note, the Loan Agreement or any other documents executed in connection therewith, without curing such failure within ten (10) days after receipt of written notice of such default from Beneficiary (or from any party authorized by Beneficiary to deliver such notice as identified by Beneficiary in writing to Trustor). Notwithstanding anything herein to the contrary, the herein described notice requirements and cure periods shall not apply to a failure by Trustor to timely repay the Loan at the Maturity Date of the Note;

b. The failure of Trustor to perform any non-monetary covenant or obligation hereunder or under the terms of the Loan Agreement, the Note or any other documents executed in connection therewith, without curing such failure within thirty (30) days after receipt of written notice of such default from Beneficiary (or from any party authorized by Beneficiary to deliver such notice as identified by Beneficiary in writing to Trustor) specifying the nature of the event or deficiency giving rise to the default and the action required to cure such deficiency. Provided, however, that if any default with respect to a non-monetary obligation is such that it cannot be cured within a 30-day period, it shall be deemed cured if Trustor commences the cure within said 30-day period and diligently prosecutes such cure to completion thereafter. Notwithstanding anything herein to the contrary, the herein described notice requirements and cure periods shall not apply to any Event of Default described in Sections 18(c) through 18(g) below;

c. The material falsity of any representation or breach of any warranty or covenant made by Trustor under the terms of this Deed of Trust, the Note, the Loan Agreement or any other document executed in connection therewith;

d. Trustor or any constituent member or partner, or majority shareholder, of Trustor shall (a) apply for or consent to the appointment of a receiver, trustee, liquidator or custodian or the like of its property, (b) fail to pay or admit in writing its inability to pay its debts generally as they become due, (c) make a general assignment for the benefit of creditors, (d) be adjudicated a bankrupt or insolvent or (e) commence a voluntary case under the Federal bankruptcy laws of the United States of America or file a voluntary petition that is not withdrawn within ten (10) days of the filing thereof or answer seeking an arrangement with creditors or an order for relief or seeking to take advantage of any insolvency law or file an answer admitting the material allegations of a petition filed against it in any bankruptcy or insolvency proceeding;

e. If without the application, approval or consent of Trustor, a proceeding shall be instituted in any court of competent jurisdiction, under any law relating to bankruptcy, in respect of Trustor or any constituent member or partner, or majority shareholder, of Trustor, for an order for relief or an adjudication in bankruptcy, a composition or arrangement with creditors, a readjustment of debts, the appointment of a trustee, receiver, liquidator or custodian or the like of Trustor or of all or any substantial part of Trustor's assets, or other like

relief in respect thereof under any bankruptcy or insolvency law, and, if such proceeding is being contested by Trustor, in good faith, the same shall (a) result in the entry of an order for relief or any such adjudication or appointment, or (b) continue undismissed, or pending and unstayed, for any period of ninety (90) consecutive days;

f. Trustor shall suffer or attempt to effect "Transfer" (as defined in Section 33 below) other than in full compliance with the terms of this Deed of Trust (or otherwise in violation of Section 15 or 34 of the Loan Agreement);

g. Trustor shall be in default under the CC&Rs, the Senior Financing, any Junior Financing or Other Financing (as all these terms are defined in the Loan Agreement), the Supportive Services Agreement (as defined in, and if applicable under, Section 8 of the Loan Agreement) or any other secured or unsecured obligation relating to the Project, unless the default is cured within the cure period, if any, applicable thereto under the terms of the obligation which is in default; or

h. Following completion of the construction of the Project, voluntary cessation of the operation of the Project for a continuous period of more than thirty (30) days or the involuntary cessation of the operation of the Project in accordance with this Deed of Trust for a continuous period of more than sixty (60) days.

19. Acceleration. The entire principal and all accrued and unpaid interest on the Note shall be due and payable as therein set forth; provided, however, that the entire balance of the outstanding principal and all accrued and unpaid interest on the Note, together with any outstanding interest and other amounts payable thereunder, shall, at the election of Beneficiary and upon notice to Trustor thereof, become immediately due and payable upon any Event of Default as set forth in the Note, without presentment, demand, protest or other notice of any kind, all of which are hereby waived by Trustor.

20. Breach by Trustor, Cure by Beneficiary or Trustee. In the event of Trustor's failure to comply with any or all of the promises and agreements set forth in this Deed of Trust or to make any payment or to do any act as provided in this Deed of Trust, then Beneficiary or Trustee, but without obligation so to do and without notice to or demand upon Trustor and without releasing Trustor from any obligation hereof, may make or do the same in such manner and to such extent as either in its sole judgment may deem necessary to protect the security hereof (including, without limitation, to procure insurance and pay the premiums therefor; to pay unpaid water rents, sewer service charges, and other governmental or municipal charges and rates, and all or any part of the unpaid taxes, assessments, and reassessments, if in its judgment the same are just and valid; to pay the cost of appraisals, reappraisals, and extensions of title; to enter or have its agents enter upon the Property whenever reasonably necessary for the purpose of inspecting the Property and the improvement hereon or making repairs or installations as it deems necessary to preserve the Property and the improvement hereon or to protect the same from vandalism, without thereby becoming liable as a trespasser or mortgagee or beneficiary in possession, and to pay for such repairs and installations). Beneficiary and Trustee are hereby authorized to enter upon the Property for such purposes; to appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; to pay, purchase, contest or compromise any encumbrance, charge or lien which in the judgment of either appears to be prior or superior hereto; and, in exercising any such powers, to pay necessary expenses, employ counsel of its choice and pay the reasonable fees of such counsel. Trustor

agrees to pay immediately and without demand all sums so expended by Beneficiary or Trustee, with interest from the date of expenditure at the amount allowed by law in effect at the date hereof, and that Beneficiary shall have a lien upon the Mortgaged Property for the sums so expended and such interest thereon.

21. Security Agreement. That all property covered by this Deed of Trust be deemed to constitute real property or interests in real property to the maximum extent permitted under applicable law. To the extent that any tangible property, equipment or other property covered by this Deed of Trust constitutes personal property, such personal property shall constitute additional security. This Deed of Trust shall create in Beneficiary a security interest in such personal property and shall in respect thereof constitute a security agreement (the "Security Agreement"). Beneficiary shall be entitled to all of the rights and remedies in respect of any personal property included in the Property covered by this Deed of Trust afforded a secured party under the Uniform Commercial Code and other applicable law. At Beneficiary's request Trustor will at any time and from time to time furnish Beneficiary for filing financing statements signed by Trustor in form satisfactory to Beneficiary. Trustor acknowledges and agrees that thirty (30) days' notice as to the time, place and date of any proposed sale of any personal property shall be deemed reasonable for all purposes. Trustor agrees that the Security Agreement created hereby shall survive the termination or reconveyance of this Deed of Trust unless Beneficiary executes documentation expressly terminating the Security Agreement.

22. Assumption of Liability. Except as provided in Section 33 below, the assumption of liability for the payment of the indebtedness hereby secured, by any successor in interest to Trustor in the Mortgaged Property (in the event Beneficiary elects not to accelerate the repayment of the Loan pursuant to any transfer or disposition of the Mortgaged Property by operation of law or otherwise) shall not release Trustor from any liability Trustor has hereunder or under the other Loan Documents for the payment of such indebtedness or any sums advanced under and secured by this Deed of Trust. Any forbearance or indulgence of Beneficiary, or extensions of time for the payment of all or any part of the indebtedness secured hereby, or the release of a part of the Mortgaged Property from the lien of this Deed of Trust, for, or without, payment of a consideration, shall not in any manner diminish or reduce the liability of Trustor for the payment of the indebtedness now or hereafter secured hereby; and that any payments made upon the said indebtedness shall be deemed to have been made on behalf and for the benefit of all parties obligated to pay the same. The acceptance of payments in excess of the installments provided to be paid upon the Note or the consideration paid for any such release shall not alter or diminish the obligation of Trustor to thereafter make payments in the amounts and on the dates provided therein, until the same are fully paid.

23. Future Advances. That upon the request of the Trustor or its successor in ownership of the Mortgaged Property, Beneficiary may, at its option, at any time before full payment of the Note secured hereby, make further advances to the Trustor or its successors in ownership, and the same, with interest and late charges as permitted by law, shall be secured by this Deed of Trust; and provided further that if Beneficiary, at its option, shall make a further advance or advances as aforesaid, the Trustor or its successors in ownership agree to execute and deliver to Beneficiary a note to evidence the same, payable on or before the maturity of the indebtedness under the Note secured hereby and bearing such other terms as Beneficiary shall require.

Trustor further acknowledges and agrees: that this Deed of Trust is

intended to, and shall, secure not only the original indebtedness under the Note, but any and all future advances made by Beneficiary to Trustor; that this Deed of Trust shall secure any unpaid balances of advances made with respect to the Mortgaged Property; that Beneficiary shall have the benefit of all statutes now existing or henceforth enacted to assure repayment of any such future advances plus interest thereon; that to secure the payment of said original indebtedness and future advances Beneficiary shall also have a lien upon all other personal property and securities now or hereafter in its possession belonging to Trustor; that all rights, powers and remedies conferred upon Beneficiary herein are in addition to each and every other right which Beneficiary has hereunder; that all rights, powers and remedies conferred upon Beneficiary in equity or by law may be enforced concurrently therewith; that Beneficiary shall be subrogated to the rights and seniority of any prior lien paid or released by reason of the application thereon of any of the proceeds hereof, and that each and all of the covenants, agreements, and provisions hereof shall bind the respective heirs, executors, administrators, successors, and assigns of Trustor and Beneficiary herein, and all others who subsequently acquire any right, title, or interest in the Property, or to this Deed of Trust and the indebtedness secured hereby.

24. Captions. That the captions of the sections of this Deed of Trust are for convenience only and shall not be considered in resolving questions of interpretation or construction.

25. Estoppel Certificates. That Trustor shall from time to time at Beneficiary's request furnish Beneficiary or any person designated by Beneficiary a certified statement in form satisfactory to Beneficiary confirming as of the date of the certificate the unpaid principal balance and accrued interest on the Note and stating that Trustor is not in default hereunder (or describing any default), and stating that Trustor has no defense, right of set off or counterclaim in the payment of the indebtedness, or any part thereof, or the observance or performance of any obligation (or describing any such defense, set off or counterclaim). Any purchaser or assignee of the Note or this Deed of Trust or any interest therein may rely on such certificate.

26. Books and Records. That Trustor and all subsequent owners of the Property, if any, shall keep and maintain full and correct books and records showing in detail the earnings and expenses of the Mortgaged Property and shall permit Beneficiary or its representatives to examine such books and records and all supporting data and vouchers, from time to time at reasonable times, on request, at Trustor's offices or at another mutually agreed upon location.

27. Obligation Non-Recourse. Except to the extent any Event of Default hereunder results directly or indirectly from any fraud or intentional and material misrepresentation by Borrower in connection with the Loan, in the event of the occurrence of an Event of Default, Beneficiary's only recourse under this Deed of Trust shall be against the Mortgaged Property, the proceeds thereof, the rents and other income arising from its use and occupancy as provided in the Deed of Trust, and any other collateral given to Beneficiary as security for repayment of the Loan.

28. Fixture Filing. This Deed of Trust is also a fixture filing with respect to the personal property which is or is to become fixtures on the Property, and is to be recorded in the real property records of Los Angeles County, California.



29. Assignment of Rents. All of the existing and future rents, royalties, income, and profits of the Mortgaged Property that arise from its use or occupancy are hereby absolutely and presently assigned to Beneficiary. However, until Trustor is in default under this Deed of Trust, Trustor will have a license to collect and receive those rents, royalties, income and profits. Upon any Event of Default by Trustor, Beneficiary may terminate Trustor's license in its discretion, at any time, without notice to Trustor, and may thereafter collect the rents, royalties, income and profits itself or by an agent or receiver. No action taken by Beneficiary to collect any rents, royalties, income or profits will make Beneficiary a "mortgagee-in-possession" of the Mortgaged Property, unless Beneficiary personally or by agent enters into actual possession of the Mortgaged Property. Possession by a court-appointed receiver will not be considered possession by Beneficiary. All rents, royalties, income and profits collected by Beneficiary or a receiver will be applied first to pay all expenses of collection, and then to the payment of all costs of operation and management of the Mortgaged Property, and then to the payment of the indebtedness and obligations secured by the Deed of Trust in whatever order Beneficiary directs in its absolute discretion and without regard to the adequacy of its security. If required by Beneficiary, each lease or occupancy agreement affecting any of the Mortgaged Property must provide, in a manner approved by Beneficiary, that the tenant will recognize as its lessor any person succeeding to the interest of Trustor upon any foreclosure of this Deed of Trust. The expenses (including receivers' fees, if any, compensation to any agent appointed by Beneficiary, counsel fees, costs and compensation to any agent appointed by Beneficiary, and disbursements) incurred in taking possession and making such collection, shall be deemed a portion of the expense of this trust. The entering upon and taking possession of the Mortgaged Property, and/or the collection of such rents, issues and profits and the application thereof as aforesaid, shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice. Beneficiary may exercise any one or more of the remedies in this section without waiving its right to exercise any such remedies again or for the first time in the future. The foregoing shall be subject to the provisions of applicable law.

30. Applicable Law. This Deed of Trust shall be governed by, and construed in accordance with, the laws of the State of California.

31. Approvals. Except with respect to those matters set forth hereinabove providing for the Beneficiary's approval, consent or determination to be at the Beneficiary's "sole discretion" or "sole and absolute discretion," the Beneficiary hereby agrees to act reasonably with regard to any approval, consent, or other determination given by the Beneficiary hereunder. The Beneficiary agrees to give Trustor written notice no later than 30 days of its approval or disapproval following submission of items to the Beneficiary for approval, including, in the case of any disapproved item, the reasons for such disapproval. Any consent to a transfer under Section 33 of this Deed of Trust, and any other consent or approval by Beneficiary under this Deed of Trust or any of the other Loan Documents, may be given by Beneficiary's Executive Director without action of Beneficiary's governing board unless the Executive Director in his or her sole discretion elects to refer the matter to the board.

32. Good Faith and Fair Dealing. The Beneficiary and Trustor agree to perform all of their obligations and the actions required of each hereunder in good faith and in accordance with fair dealing.

33. Assignment of Interest.

Without the prior written approval of the Beneficiary, which approval the Beneficiary may grant or withhold in Beneficiary's sole and absolute discretion, Trustor shall not (i) sell, encumber, assign or otherwise transfer (collectively, "Transfer") all or any portion of its interest in the Mortgaged Property (including the Project), (ii) permit the Transfer of greater than 49% of its ownership and/or control, in the aggregate, taking all transfers into account on a cumulative basis, or (iii) Transfer any of its rights or obligations under the Loan Documents. Trustor hereby agrees that any purported Transfer not approved by the Beneficiary as required herein shall be ipso facto null and void, and no voluntary or involuntary successor to any interest of Trustor under such a proscribed Transfer shall acquire any rights pursuant to the Loan Agreement or this Deed of Trust.

At any time Trustor desires to effect a Transfer hereunder, Trustor shall notify the Beneficiary in writing (the "Transfer Notice") and shall submit to the Beneficiary for its prior written approval (i) all proposed agreements and documents (collectively, the "Transfer Documents") memorializing, facilitating, evidencing and/or relating to the circumstances surrounding such proposed Transfer, and (ii) a certificate setting forth representations and warranties by Trustor and the proposed transferee to the Beneficiary sufficient to establish and insure that all requirements of this Section 33 have been and will be met. No Transfer Documents shall be approved by the Beneficiary unless they expressly provide for the assumption by the proposed transferee of all of Trustor's obligations under the Loan Documents. The Transfer Notice shall include a request that the Beneficiary consent to the proposed Transfer and shall also include a request that Trustor be released from further obligations under the Loan Documents. The Beneficiary agrees to make its decision on Trustor's request for consent to such Transfer, as promptly as possible, and, in any event, not later than thirty (30) days after the Beneficiary receives the last of the items required by this Section 33. In the event the Beneficiary consents to a proposed Transfer, then such Transfer shall not be effective unless and until the Beneficiary receives copies of all executed and binding Transfer Documents which Transfer Documents shall conform with the proposed Transfer Documents originally submitted by Trustor to the Beneficiary. From and after the effective date of any such Transfer, Trustor shall be released from obligations arising thereafter under the Loan Documents.

Notwithstanding anything in this Deed of Trust to the contrary, Trustor agrees that it shall not be permitted to make any Transfer, whether or not the Beneficiary consent is required therefor and even if the Beneficiary has consented thereto, if there exists an Event of Default under this Deed of Trust at the time the Transfer Notice is tendered to the Beneficiary or at any time thereafter until such Transfer is to be effective.

The provisions of this Section 33 shall apply to each successive Transfer and proposed transferee in the same manner as initially applicable to Trustor under the terms set forth herein.

(CONTINUED ON NEXT PAGE)

IN WITNESS WHEREOF, the undersigned have executed this Deed of Trust as of the date first above written.

TRUSTOR:

WOODS FAMILY HOUSING PARTNERS, L.P.  
a California Limited Partnership

By: SOUTHERN CALIFORNIA HOUSING DEVELOPMENT CORPORATION  
OF LOS ANGELES  
A California non-profit corporation, its General Partner

By: \_\_\_\_\_  
Richard J. Whittingham, Chief Financial Officer

BENEFICIARY:

COMMUNITY DEVELOPMENT COMMISSION  
OF THE COUNTY OF LOS ANGELES,  
a public body corporate and politic

By: \_\_\_\_\_  
Carlos Jackson, Executive Director

APPROVED AS TO FORM:

Raymond G. Fortner, Jr., County Counsel

By: \_\_\_\_\_  
Deputy

STATE OF CALIFORNIA                    )  
  ) ss.  
COUNTY OF LOS ANGELES            )

On \_\_\_\_\_ before me, \_\_\_\_\_, Notary  
Public, personally appeared

\_\_\_\_\_ who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

\_\_\_\_\_  
Signature

STATE OF CALIFORNIA                    )  
  ) ss.  
COUNTY OF LOS ANGELES            )

On \_\_\_\_\_ before me, \_\_\_\_\_, Notary  
Public, personally appeared

\_\_\_\_\_ who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

\_\_\_\_\_  
Signature

STATE OF CALIFORNIA            )  
  ) ss.  
COUNTY OF LOS ANGELES        )

On \_\_\_\_\_ before me, \_\_\_\_\_, Notary  
Public, personally appeared

\_\_\_\_\_ who proved to me on the  
basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within  
instrument and acknowledged to me that he/she/they executed the same in his/her/their  
authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s),  
or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the  
foregoing paragraph is true and correct.

WITNESS my hand and official seal.

\_\_\_\_\_  
Signature

Deed of Trust Attachment 1

**LEGAL DESCRIPTION OF THE SITE**

(Please see attached)

LOTS 169, 170, 171, 172, 173, 174, 175 AND 176 IN TRACT NO. 10665, IN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 164 PAGES 9 TO 12 INCLUSIVE OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPTING THEREFROM LOTS 169, 170, 171 AND 172 ALL MINERALS, GAS, OIL, PETROLEUM, NAPHTHA AND OTHER HYDROCARBON SUBSTANCES IN AND UNDER THE ABOVE DESCRIBED PROPERTY, TOGETHER WITH ALL NECESSARY AND CONVENIENT RIGHTS TO EXPLORE FOR, DEVELOP, PRODUCE, EXTRACT AND TAKE THE SAME, INCLUDING THE EXCLUSIVE RIGHT TO DIRECTIONALLY DRILL INTO AND THROUGH SAID LAND FROM OTHER LANDS AND INTO THE SUBSURFACE OF OTHER LANDS, SUBJECT TO THE EXPRESS LIMITATION THAT ANY AND ALL OPERATIONS FOR THE EXPLORATION, DEVELOPMENT, PRODUCTION, EXTRACTION, AND TAKING OF ANY OF SAID SUBSTANCES SHALL BE CARRIED ON AT LEVELS BELOW THE DEPTH OF 500 FEET FROM THE SURFACE OF THE ABOVE DESCRIBED PROPERTY, BY MEANS OF MINES, WELLS, DERRICKS, AND/OR OTHER EQUIPMENT FROM SURFACE LOCATIONS ON ADJOINING OR NEIGHBORING LAND LYING OUTSIDE OF THE ABOVE DESCRIBED PROPERTY, AND SUBJECT FURTHER TO THE EXPRESS LIMITATION THAT THE FOREGOING RESERVATION SHALL IN NO WAY BE INTERPRETED TO INCLUDE ANY RIGHT OF ENTRY IN AND UPON THE SURFACE OF THE ABOVE DESCRIBED STRIP OF LAND, AS WAS RESERVED BY WELLS FARGO BANK AMERICAN TRUST COMPANY, A CORPORATION, ET AL, IN DEED RECORDED MARCH 1, 1961 AS INSTRUMENT NO. 4239, IN BOOK D-1140 PAGE 258, OFFICIAL RECORDS, AND AS RESERVED BY EDWARD HELLMAN HELLER, ET AL., IN DEED RECORDED AUGUST 24, 1961 AS INSTRUMENT NO. 1747, IN BOOK D-1332 PAGE 594, OFFICIAL RECORDS.

**EXHIBIT "G" TO LOAN AGREEMENT  
CC&Rs**

(HOME LOAN - PROJECT NO. \_\_\_\_\_)  
(INDUSTRY LOAN - PROJECT NO. \_\_\_\_\_)

(Please See Attached)



RECORDING REQUESTED BY AND  
AFTER RECORDATION, MAIL TO:

COMMUNITY DEVELOPMENT COMMISSION  
OF THE COUNTY OF LOS ANGELES  
2 Coral Circle  
Monterey Park, CA 91755-7425  
Attn.: Director of Housing  
Development and Preservation

---

(Space Above Line for Recorder's use)

This Agreement is recorded at the request and for the benefit of the Community Development Commission of the County of Los Angeles and is exempt from the payment of a recording fee pursuant to Government Code Section 6103.

EXHIBIT "G" TO LOAN AGREEMENT

**COVENANTS, CONDITIONS, AND RESTRICTIONS**

(HOME - PROJECT NO. \_\_\_\_\_;  
INDUSTRY - PROJECT NO. \_\_\_\_\_)

THIS AGREEMENT CONTAINING COVENANTS, CONDITIONS, AND RESTRICTIONS ("Agreement") is executed as of the \_\_\_\_ day of \_\_\_\_\_, 2008 by and between the COMMUNITY DEVELOPMENT COMMISSION OF THE COUNTY OF LOS ANGELES, a public body corporate and politic ("Commission"), and Woods Family Housing Partners, L.P., a California Limited Partnership ("Owner"), with reference to the following:

A. The Commission and Owner are parties to a Acquisition and Loan Agreement ("Loan Agreement") dated as of the \_\_\_\_ day of \_\_\_\_\_, 2008, on the terms and conditions of which Owner shall borrow from the Commission, and the Commission shall lend to Owner, the original principal amount of Two Million One Hundred Fifty-Seven Thousand, One Hundred Twenty-Five Dollars (\$2,157,125) in HOME Funds and Two Million, Thirty-Seven Thousand Dollars (\$2,037,000) in Industry Funds (collectively, the "Loans") for the purpose of providing financing for the housing development described in the Loan Agreement (the "Project"). The Project will be developed on a site legally described on Exhibit "A" to this Agreement (the "Site").

B. Unless otherwise expressly provided, all defined terms used in this Agreement shall have the defined meanings provided for in the Loan Agreement.

NOW THEREFORE, in consideration of the representations, covenants, and obligations of Owner contained in this Agreement, Owner, on behalf of itself and its successors and assigns, hereby covenants and agrees as follows:

(1) Use of the Property.

a. Limitations on Tenants. Notwithstanding anything to the contrary in this Agreement, Owner hereby covenants on behalf of itself, and its successors and assigns, which covenant shall run with the land and bind every successor and assign in interest of Owner, that, throughout the Fifty-Five (55) year term of the CC&Rs, Owner and such successors and assigns shall use the Site solely for the purpose of constructing and operating the Project as a residential development with the defined number of dwelling units and, with respect to the units designated to be assisted as consideration for the Loans ("Assisted Units"), Fifty-Nine (59) Assisted Units shall be in accordance with the tenant income levels specified in this Agreement. (The Assisted Units are exclusive of One (1) manager's unit.)

All Assisted Units shall be rented only at an Affordable Housing Cost to Very Low-Income Households, Forty-Five Percent Income Households, Thirty Percent Income Households, or Very Very Low-Income Households as hereinafter defined (households meeting the applicable criteria are occasionally referred to as "Eligible Households" and persons within any group occasionally referred to as "Eligible Person" or "Eligible Persons") and as outlined in the following table:

Household Income Level (% of Area Median Income)	2-BR units	3-BR units	TOTAL UNITS	Total HOME- Assisted Units	Total Industry- Assisted Units
Thirty Percent (30%)	3	3	6	6	6
Forty-Five Percent (45%)	4	5	9	9	9
Fifty Percent (50%)	23	21	44	44	44
Manager's Unit		1	1	0	0
<b>TOTAL</b>	<b>30</b>	<b>30</b>	<b>60</b>	<b>59</b>	<b>59</b>

"Low-Income Households" shall mean persons and families whose gross annual household incomes do not exceed the qualifying limits for lower income families as established and amended from time to time pursuant to Section 8 of the United States Housing Act of 1937, which qualifying limits are otherwise set forth in Section 6932 of the California Code of Regulations and are equivalent to eighty percent (80%) of Area Median Income, adjusted for family size and other adjustment factors by the United States Department of Housing and Urban Development (HUD).

"Very Low-Income Households" shall mean persons and families whose gross annual household incomes do not exceed fifty percent (50%) of Area Median Income, adjusted for family size and other adjustment factors by HUD.

"Forty-Five Percent Income Households" shall mean Eligible Households whose gross annual incomes do not exceed forty-five percent (45%) of Area Median Income.

"Thirty Percent Income Households" shall mean Eligible Households whose gross annual incomes do not exceed thirty percent (30%) of Area Median Income.

"Affordable Housing Cost" shall mean, as to each Eligible Person, a rental rate which results in monthly payments which, including a reasonable utility allowance, do not exceed:

for an Eligible Person within a Very Low-Income Household, the Low HOME Rent established by HUD; and

(ii) for a Forty-Five Percent Income Household, the product of thirty percent (30%) times forty-five percent (45%) of Area Median Income adjusted for family size appropriate to the Assisted Unit; and

(iii) for a Thirty Percent Income Household, the product of thirty percent (30%) times thirty percent (30%) of Area Median Income adjusted for family size appropriate to the Assisted Unit.

"Area Median Income" shall mean the median income for Los Angeles/Long Beach Metropolitan Statistical Area, adjusted for family size as periodically adjusted by HUD, or any successor entity designated under state law as responsible for establishing such Area Median Income.

Owner shall specifically provide in each Assisted Unit lease and shall strictly enforce the requirement that each Assisted Unit be occupied at all times by the eligible household who has leased that Assisted Unit, and that any other occupant of the unit be another qualified member of the lessee's household. The Commission shall be identified as a third party beneficiary of that covenant and shall have the right to directly enforce that restriction in the event Owner fails to do so. Prior to execution of any Assisted Unit lease with respect to the Project, Owner shall submit to the Commission and obtain its written approval of a standard form occupancy lease and Owner shall thereafter use the approved form for all leases of Assisted Units in the Project, with only such further modifications thereto as are first submitted to and approved in writing by the Commission.

b. Tenant Selection Process; Reports and Records Concerning Tenancies. Owner shall maintain such records and satisfy such reporting requirements as may be reasonably imposed by the Commission to monitor compliance with the tenanting requirements described in Paragraph (1)a above, including without limitation the requirement that Owner deliver reports to the Commission commencing at the close of the initial occupancy of the Project, and continuing annually thereafter, setting forth the name of each tenant, the unit occupied and the income of the tenant and the amount of rent payable by each tenant. Owner shall also be required to have each prospective tenant complete a rental application prior to occupancy and to obtain evidence from each such tenant as may be reasonably required by the Commission to certify such tenant's qualification for occupancy of the Project. Owner's obligation to provide such reports shall remain in force and effect for the same duration as the use covenants set forth in this Paragraph (1).

c. Owner shall provide, in accordance with the Supportive Services Agreement or description of services attached to this Agreement as Exhibit E, certain supportive services for residents of the Project, as described in the Exhibit E throughout the Term of this Agreement.

(2) Management of Project. Subject to the terms and conditions contained hereinbelow, Owner shall at all times during the operation of the Project pursuant to this Agreement retain an entity to perform the management and/or supervisory functions ("Manager") with respect to the operation of the Project, including day-to-day administration, maintenance and repair. Owner shall, before execution or any subsequent amendment or replacement thereof, submit and obtain The Commission's written approval (which shall not be unreasonably withheld, conditioned or delayed) of a management contract ("Management Contract") entered into between Owner and an entity ("Management Entity") reasonably acceptable to the Commission. Subject to any regulatory or licensing requirements of any other applicable governmental agency, the Management Contract may be for a term of up to fifteen (15) years and may be renewed for successive terms in accordance with its terms, but may not be amended or modified without the written consent of the Commission. The Management Contract shall also provide that the Management Entity shall be subject to termination for failure to meet project maintenance and operational standards set forth herein or in other agreements between Owner and the Commission. Owner shall promptly terminate any Management Entity which commits or allows such failure, unless the failure is cured within a reasonable period in no event exceeding 60 days from Management Entity's receipt of notice of the failure from Owner or the Commission. Owner's obligation to retain a Management Entity shall remain in force and effect for the same duration as the use covenants set forth in Paragraph (1) of this Agreement.

(3) Operations and Maintenance. Owner hereby covenants on behalf of itself, and its successors and assigns, which covenant shall run with the land and bind every successor and assign in interest of Owner, that Owner and such successors and assigns shall use the Site solely for the purpose of constructing and operating the Project and ancillary improvements thereon, in accordance with and of the quality prescribed by this Agreement, the Loan Agreement and the Deed of Trust (as defined in the Loan Agreement).

Owner covenants and agrees for itself, its successors and assigns, which covenants shall run with the land and bind every successor or assign in interest of Owner, that during development of the Site pursuant to this Agreement and thereafter, neither the Site nor the Project, nor any portion thereof, shall be improved, used or occupied in violation of any Applicable Governmental Restrictions (as defined below) or the restrictions contained in this Agreement. Furthermore, Owner and its successors and assigns shall not maintain, commit, or permit the maintenance or commission on the Site or in the Project, or any portion thereof, of any nuisance, public or private, as now or hereafter defined by any statutory or decisional law applicable to the Site or the Project, or any portion thereof.

As used herein, "Applicable Governmental Restrictions" shall mean and include any and all laws, statutes, ordinances, codes, rules, regulations, directives, writs, injunctions, orders, decrees, rulings, conditions of approval, or authorizations, now in force or which may hereafter be in force, of any governmental entity, agency or political subdivision as they pertain to the performance of this Agreement or development or operation of the Project, including specifically but without limitation all code and other requirements of the jurisdiction in which the Project is located; the California Environmental Quality Act; the laws specified in the Loan Agreement; and applicable federal, state and local fair housing laws. Owner shall indemnify, defend and hold the Commission harmless for any suit, cost, attorneys' fees, claim, administrative proceeding, damage, award, fine, penalty or liability arising out of Owner's failure to comply with any Applicable Governmental Restrictions, including, without limitation, the nonpayment of any prevailing wages required to be paid in connection with the Project.

Owner shall, at its expense, (i) maintain all improvements and landscaping on the Site in first-class order, condition, and repair (and, as to landscaping, in a healthy and thriving condition) in accordance with the plans for the Project approved by the Commission in accordance with the Loan Agreement and all Applicable Governmental Restrictions, and (ii) manage the Project and Project finances reasonably prudently and in compliance with Applicable Governmental Restrictions so as to maintain a safe and attractive living environment for Project residents.

(4) Performance of Maintenance.

a. Owner shall maintain in accordance with the Commission Standards, as hereinafter defined, the private improvements, public improvements and landscaping to the curblane(s) on and abutting the Site. Said improvements shall include, but not be limited to, buildings, sidewalks and other paved areas, pedestrian lighting, landscaping, irrigation of landscaping, architectural elements identifying the Site and any and all other improvements on the Site and in the public right-of-way to the nearest curblane(s) abutting the Site.

b. To accomplish the maintenance, Owner shall either staff or contract with and hire licensed and qualified personnel to perform the maintenance work, including the provision of labor, equipment, materials, support facilities, and any and all other items necessary to comply with the requirements of this Agreement.

c. Commission Standards: The following standards ("Commission Standards") shall be complied with by Owner and its maintenance staff, contractors or subcontractors

(i) Ordinary Maintenance Standards - Owner shall maintain the dwelling units and Site in good repair, order and condition at all times in order to assure that the housing on the Site is kept in a decent, safe, and sanitary condition, and that the buildings, grounds, and equipment are to be maintained in a manner that will preserve their condition. Owner shall perform any repairs or replacements necessary in order to maintain the Site in accordance with the Ordinary Maintenance Standards, set forth on Exhibit "B" and incorporated herein by this reference.

(ii) Annual Inspection Standards - Owner shall annually inspect the Site in accordance with the Annual Inspection Standards, set forth on Exhibit "C" and incorporated herein by this reference. The completed annual inspection will be documented and reported to the Commission on an annual basis, and at the end of each year Owner shall submit to the Commission a declaration certifying that the annual inspection, as set forth in Exhibit "C", was performed at the Site. Owner shall retain records of the inspection and make them available for review by the Commission at the request of the Commission.

(iii) Preventative Maintenance Standards - Owner shall annually inspect the Site in accordance with the Preventative Maintenance Standards, set forth on Exhibit "D" and incorporated herein by this reference. The completed preventative maintenance work will be documented and reported

to the Commission on an annual basis, and at the end of each year Owner shall submit to the Commission a declaration certifying that the preventative maintenance, as set forth in Exhibit "D", was performed at the Site. Owner shall retain records of the inspection and make them available for review by the Commission at the request of the Commission.

(iv) **Extraordinary Maintenance.** Owner shall perform any extraordinary repairs or replacements necessary in order to maintain the Site, including extraordinary replacement of equipment, betterment, and additions. Extraordinary repairs or replacement consists of major repairs and rehabilitation involving substantial expenditures which usually are needed only at relatively long intervals of time, or are caused by such occurrences as earthquake, fire, obsolescence and, in some instances, neglect. Such items as replacement of roofs, replacement of corroded gas and heating lines, and rehabilitation of landscaping (ground-cover) would be considered in this category.

(v) The Commission may enter and inspect the premises at any time after notifying Owner 72 hours prior to the planned inspection, and said notice shall be delivered to Owner at the address indicated in paragraph 17(e) below.

(5) **Failure to Maintain Improvements.** In the event Owner does not maintain the Site improvements to the curblane(s) in the manner set forth herein and in accordance with the Commission Standards, the Commission shall have the right to maintain such private and/or public improvements, or to contract for the correction of such deficiencies, after (i) written notice to Owner stating that the condition of said improvements does not meet with the Commission Standards and specifying the deficiencies and the actions required to be taken by Owner to cure the deficiencies ("Deficiency Notice"); and (ii) the lapse of the applicable "Cure Period," as hereinafter defined. Upon receipt of the Deficiency Notice, Owner shall have thirty (30) days within which to correct, remedy or cure the deficiency, unless such deficiency is not capable of being cured within such 30 day period, then such amount of time as is needed to cure such deficiency provided owner is diligently pursuing cure; provided however, if the Deficiency Notice states the problem is urgent relating to public health and safety, then Owner shall have forty-eight (48) hours to rectify the problem (collectively the "Cure Periods").

In the event Owner fails to correct, remedy, or cure such maintenance deficiency after the Deficiency Notice and after the applicable Cure Period has lapsed, then the Commission shall have the right to maintain such improvements. Owner agrees to pay the Commission, upon demand, charges and costs incurred by the Commission in connection with such maintenance. Until so paid, the Commission shall have a lien on the Site for the amount of such maintenance charges and costs, which lien shall be perfected by the recordation of a "Notice of Claim of Lien" against the Site. Upon recordation of a Notice of a Claim of Lien against the Site, such lien shall constitute a lien on the fee estate in and to the Site prior and superior to all other monetary liens except: (i) all taxes, bonds, assessments, and other levies which by law would be superior thereto; (ii) the lien or charges of any mortgage, deed of trust, or other security interest then of record made in good faith and for value, it being understood that the priority for any such lien for costs incurred to comply with this Agreement shall date from the date of the recordation of the Notice of Claim of Lien. Any such lien shall be subject and subordinate to any lease or sublease of the interest of Owner in the Site or any portion thereof and to any easement affecting the Site or any portion thereof entered into at any time

(either before or after) the date of recordation of such a Notice. Any lien in favor of the Commission created or claimed hereunder is expressly made subject and subordinate to any mortgage or deed of trust made in good faith and for value, recorded as of the date of the recordation of the Notice of Claim of Lien describing such lien as aforesaid, and no such lien shall in any way defeat, invalidate, or impair the obligation or priority of any such mortgage or deed of trust, unless the mortgage or beneficiary thereunder expressly subordinates his interest, or record, to such lien. No lien in favor of the Commission created or claimed hereunder shall in any way defeat, invalidate, or impair the obligation or priority of any lease, sublease or easement unless such instrument is expressly subordinated to such lien. Upon foreclosure of any mortgage or deed of trust made in good faith and for value and recorded prior to the recordation of any unsatisfied Notice of Claim of Lien, the foreclosure-purchaser shall take title to the Site free of any lien imposed herein by the Commission that has accrued up to the time of the foreclosure sale, and upon taking title to the Site, such foreclosure-purchaser shall only be obligated to pay costs associated with this Agreement accruing after the foreclosure-purchaser acquires title to the Site. If the Site is ever legally divided with the written approval of the Commission and fee title to various portions of the Site is held under separate ownerships, then the burdens of the maintenance obligations set forth herein and in the Agreement and the charges levied by the Commission to reimburse the Commission for the cost of undertaking such maintenance obligations of Owner and its successors and the lien for such charges shall be apportioned among the fee owners of the various portions of the Site under different ownerships proportionate to the square footage of the land contained in the respective portions of the Site owned by them. Upon apportionment, no separate owner of a portion of the Site shall have any liability for the apportioned liabilities of any other separate owner of another portion of the Site, and the lien shall be similarly apportioned and shall only constitute a lien against the portion of the Site owned in fee by the owner who is liable for the apportioned lien and against no other portion of the Site. Owner acknowledges and agrees the Commission may also pursue any and all other remedies available in law or equity. Owner shall be liable for any and all reasonable attorneys' fees, and other legal costs or fees incurred in collecting said maintenance costs.

(6) [Reserved.]

(7) Owner's Obligation to Refrain From Discrimination. There shall be no discrimination against or segregation of any person, or group of persons, on account of race, color, creed, religion, sex, marital status, national origin, or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Site, nor shall Owner itself or any person claiming under or through it establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees of the Site or any portion thereof. The nondiscrimination and nonsegregation covenants set forth herein shall remain in effect in perpetuity.

Owner shall refrain from restricting the rental, sale or lease of the Site or any portion thereof on the basis of race, color, creed, religion, sex, marital status, national origin, or ancestry of any person. All such deeds, leases or contracts shall contain or be subject to substantially the following nondiscrimination or nonsegregation clauses:

a. In deeds: "The grantee herein covenants by and for himself or herself, and his or her heirs, executors, administrators and assigns, and all persons claiming under or through them, that there shall be no discrimination against or segregation of,

any person or group of persons on account of race, color, creed, religion, sex, marital status, national origin, or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the land herein conveyed, nor shall the grantee or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees in the land herein conveyed. The foregoing covenants shall run with the land."

b. In leases: "The lessee herein covenants by and for himself or herself, and his or her heirs, executors, administrators and assigns, and all persons claiming under or through him or her, and this lease is made and accepted upon and subject to the following conditions: That there shall be no discrimination against or segregation of any person or group of persons, on account of race, color, creed, religion, sex, marital status, national origin, or ancestry, in the leasing, subleasing, transferring, use, occupancy, tenure, or enjoyment of the land herein leased nor shall the lessee himself or herself, or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy, of tenants, lessees, sublessees, subtenants, or vendees in the land herein leased."

c. In contracts: "There shall be no discrimination against or segregation of any person or group of persons, on account of race, color, creed, religion, sex, marital status, national origin, or ancestry, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the premises, nor shall the parties to this contract or any person claiming under or through them, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy of tenants, lessees, subtenants, sublessees, or vendees of the premises."

Nothing in this Paragraph shall be construed or understood to limit, restrict or in any way waive the income requirements described in this Agreement.

(8) Covenants Run With the Land; Duration of Covenants. The covenants and agreements established in this Agreement shall be covenants running with the land and shall, without regard to technical classification and designation, be binding on Owner and any successor-in-interest to Owner's interest in the Site, or any part thereof, for the benefit of and in favor of the Commission and its successors and assigns. The covenants of this Agreement shall remain in effect through the Term, notwithstanding the repayment of the Loans by Owner prior to the Maturity Date. The covenants contained in Paragraph 7 of this Agreement shall remain in effect in perpetuity.

The Improvements to the curblin(e)s and the maintenance thereof touch and concern the Site and inure to the benefit of any and all present or successive owners of the Site. Therefore, whenever the word "owner" is used herein, it shall include the owner as of date of execution of this Agreement, and any and all successor owners or assigns of the Site, and the provisions hereof are expressly binding upon all such successive owners and assigns and the parties agree all such provisions shall run with the land. The Commission shall cause a fully executed copy of this Agreement to be recorded in the Office of the Los Angeles County Recorder. Notwithstanding the foregoing, in the event Owner or its successors or assigns shall convey its fee interest in all or any portion of the Site, the conveying owner shall be free from



and after the date of recording such conveyance of all liabilities, respecting the performance of the restrictions, covenants or conditions contained in this Agreement thereafter to be performed with respect to the Site, or any part thereof, it being intended that the restrictions, covenants and conditions shall be binding upon the record owners of the Site only during such time as that person is the owner of the Site, provided that the conveying owner shall remain liable for any actions prior to the date of the conveyance.

(9) Enforcement. In amplification and not in restriction of the provisions set forth hereinabove, it is intended and agreed that the Commission shall be deemed the beneficiary of the terms and provisions of this Agreement and of the restrictions and covenants running with the land for and in its own right and for the purposes of protecting the interests of the community and other parties, public or private, in whose favor and for whose benefit the covenants running with the land have been provided. Each covenant of Owner, shall, without regard to technical classification and designation, inure to the benefit of the successors, transferees and assigns of the Commission for the entire period during which such covenants shall be in force and effect, and shall be binding upon the successors, transferees and assigns of Owner, whether by merger, consolidation, sale, transfer, liquidation or otherwise. Each covenant in favor of the Commission is for the benefit of the real property owned by the Commission in the area surrounding the Site. The covenants herein running with the land shall also be equitable servitudes upon the Site and each part thereof and shall bind each and every person having any interest in the Site or part thereof, whether such interest is fee, easement, leasehold, beneficial or otherwise, and each successor or assign of such person having any such interest in the Site or part thereof. the Commission shall have the right if any of the covenants set forth in this Agreement which are provided for its benefit are breached, to exercise all rights and remedies and to maintain any actions or suits at law or in equity or other proper proceedings to enforce the curing of such breach to which it may be entitled. In the event that suit is brought for the enforcement of this Agreement or as the result of any alleged breach hereof, the prevailing party or parties in such suit shall be entitled to recover their reasonable attorneys' fees from the losing party or parties, and any judgment or decree rendered in such proceedings shall include an award thereof. Except for the Commission, the covenants and restrictions contained in this Agreement shall not benefit or be enforceable by any owner of any other real property or any person or entity having any interest in any such other real property.

(10) Compliance with Law. Owner shall comply with all Applicable Governmental Restrictions relating to the uses of or condition of the Site private improvements and public improvements to the curblin(e)s. Local laws for the purposes of this paragraph shall include only those ordinances which are nondiscriminatory in nature and applicable to the public welfare, health, safety and aesthetics. If any new local laws relating to the uses of or condition of the improvements create a condition or situation that constitutes a lawful nonconforming use as defined by local ordinance with respect to the Site or any portion thereof, then so long as the lawful nonconforming use status remains in effect (i.e., until such lawful status is properly terminated by amortization as provided for in the new local law or otherwise), Owner shall be entitled to enjoy the benefits of such lawful nonconforming use pursuant to the lawful nonconforming uses ordinance.

(11) Indemnification and Insurance. From and after the execution of this Agreement, Owner hereby agrees to indemnify and hold harmless the Commission and all its members, directors, agents, officers and employees ("Commission Representatives"), and each of them, from and against all liability, expense, including reasonable defense costs and legal

fees of counsel acceptable to the Commission, and claims ("Losses and Liabilities") related directly or indirectly to, or arising out of or in connection with (i) any breach or default by Owner hereunder, (ii) any of Owner's activities on the Site (or the activities of Owner's agents, employees, lessees, representatives, licensees, guests, invitees, contractors, subcontractors or independent contractors on the Site), including without limitation the construction of any improvements on the Site or the use or condition of any such improvements, or (iii) any other fact, circumstance or event related to Owner's performance hereunder; provided, however, that the foregoing indemnity shall not extend to any Losses and Liabilities to the extent resulting from the negligence or misconduct of the Commission and/or any the Commission Representatives.

Without limiting Owner's indemnification of the Commission as set forth above, Owner shall procure and maintain at its own expense the insurance described in this section for the time periods set forth herein. Such insurance shall be secured from carriers admitted in California, or authorized to do business in California. Such carriers shall be in good standing with the California Secretary of State's Office and the California Department of Insurance. Additional insurance requirements, as outlined in the Loan Agreement must also be met and these requirements are made a part of this Agreement by this reference.

a. Liability Comprehensive liability insurance, including coverage for personal injury, death, property damage and contractual liability, with a combined single limit of at least Two Million Dollars (\$2,000,000) for each occurrence (Four Million Dollars (\$4,000,000) General Aggregate), including products and completed operations coverage.

b. Property Insurance: All Risk property insurance. Coverage shall include without limitation, builders risk insurance and insurance against the perils of fire and physical loss or damage including, without duplication of coverage, theft, vandalism, malicious mischief, collapse, earthquake and flood, windstorm, falsework, testing and startup, temporary buildings and debris removal including demolition occasioned by enforcement of any applicable legal requirements. The amount of the property coverage shall at all times exceed the full replacement value of materials supplied or installed by others, all existing structures, improvements and fixtures on the Property. There shall not be a "co-insurance" clause. This insurance shall be maintained for the duration of this Agreement.

c. Worker's Compensation: Owner's employees, if any, Owner's Contractors, Subcontractors, and Design Professionals and any affiliates or agents of Owner shall be covered by Workers' Compensation insurance in an amount and in such form as to meet all applicable requirements of the Labor Code of the State of California and Employers Liability limits of One Million Dollars (\$1,000,000) per accident.

d. Automobile Liability: Combined single limit automobile liability insurance of at least One Million Dollars (\$1,000,000) per accident for bodily injury and property damage, covering owned, nonowned and hired vehicles.

Owner shall annually (or more frequently in the event of a change of insurer or policy) deliver to the Commission certificates of insurance with original endorsements evidencing the coverage required by this Agreement. The certificates and endorsements shall

be signed by a person authorized by the insurers to bind coverage on its behalf. The Commission reserves the right to require complete certified copies of all policies at any time.

Said insurance may provide for such deductibles or self-insured retention as may be reasonably acceptable to the Commission. In the event such insurance does provide for deductibles or self insurance, Owner agrees that it will protect the Commission and the Commission Representatives in the same manner as these interests would have been protected had full commercial insurance been in effect. If required by the Commission from time to time, Owner shall reasonably increase the limits of its liability insurance to reasonable amounts customary for owners of improvements similar to those on the Site.

Failure on the part of Owner to procure or maintain required insurance shall constitute a material breach of this Agreement under which the Commission may, at the discretion of the Commission, procure or renew such insurance and pay any and all reasonable premiums in connection therewith, and all monies so paid by the Commission shall be repaid by Owner to the Commission upon demand.

(12) Bodily Injury and Site Damage Insurance Requirements. Owner shall indemnify, defend, assume all responsibility for and hold the Commission and its officers, employees, and agents harmless from all claims or suits for, and damages to, property and injuries to persons, including accidental death (including attorneys' fees and court costs), which result from any of Owner's activities under this Agreement, whether such activities or performance thereof be by Owner or anyone directly or indirectly employed or contracted with by Owner and whether such damage shall accrue or be discovered before or after termination of this Agreement.

Owner shall furnish a certificate of insurance and endorsement countersigned by an authorized agent of the insurance carrier on a form of the insurance carrier setting forth the general provisions of the insurance coverage. This countersigned certificate and endorsement shall name the Commission, and if available, its officers, agents, and employees, as additional insureds under the policy. The certificate by the insurance carrier shall contain a statement of obligations on the part of the carrier to notify the Commission of any material change, cancellation or termination. Coverage provided hereunder by Owner shall be primary insurance and not contributing with any insurance maintained by the Commission, and the policy shall contain such an endorsement. The insurance policy or the certificate of insurance shall contain a waiver of subrogation for the benefit of the Commission.

(13) Waiver. Failure or delay by either party to perform any term or provision of this Agreement constitutes a default under this Agreement. The aggrieved party shall give written notice of the default to the party in default in accordance with Paragraph (16)e hereof. The defaulting party shall no longer be in default if the defaulting party cures such default within thirty (30) days after receiving the Default Notice; provided, however, that if such default cannot be reasonably cured within such thirty (30) day period, the defaulting party shall be given such longer period as reasonably necessary (which in the case of a default by Owner shall be as reasonably determined by the Commission) and the defaulting party shall no longer be in default if it commences to cure such default within such thirty (30) day period and completes such cure with reasonable and due diligence.

The waiver by one party of the performance of any covenant, condition, or promise shall not invalidate this Agreement nor shall it be considered a waiver by such party of

any other covenant, condition or promise hereunder. The exercise of any remedy shall not preclude the exercise of other remedies the Commission or Owner may have at law or at equity.

(14) Modification. This Agreement may be modified only by subsequent mutual written agreement executed by Owner and the Commission.

(15) Intentionally Left Blank.

(16) Miscellaneous Provisions.

a. Interpretation. The provisions of this document shall be liberally construed to effectuate its purpose. Time is of the essence of this Agreement.

b. Severability. Invalidity of any of the covenants, conditions, restrictions, or other provisions contained in this Agreement by judgment or court order shall in no way affect any of the other covenants, conditions, restrictions, or provisions hereof, which shall remain in full force and effect.

c. Headings. The caption headings of the various sections and paragraphs of this Agreement are for convenience and identification only, and shall not be deemed to limit or define the contents of their respective sections or paragraphs.

d. Effective Date. This Agreement shall take effect upon its recording in the Office of Los Angeles County Recorder.

e. Notices. Formal notices, demands, and communications between the Commission and Owner shall be given either by personal service, by overnight courier, or by mailing in the United States mail, certified mail, postage prepaid, return receipt requested, addressed to the principal offices of the Commission or Owner, as follows:

If to the Commission: Community Development Commission of the County of  
Los Angeles  
Two Coral Circle  
Monterey Park, California 91755-7425  
Attn: Executive Director

With a copy to: Community Development Commission of the County of  
Los Angeles  
Two Coral Circle  
Monterey Park, California 91755-7425  
Attn: Director of Housing Development and Preservation

If to Owner: Woods Family Housing Partners, L.P.  
10681 Foothill Blvd., Suite 220  
Rancho Cucamonga, CA 91730  
Attn: Richard J. Whittingham, Chief Financial Officer  
Fax No. \_\_\_\_\_

With a copy to: The Southern California Housing Development Corporation  
of Los Angeles  
9065 Haven Avenue, Suite 100  
Rancho Cucamonga, CA 91730  
Attn: \_\_\_\_\_  
Fax No. \_\_\_\_\_

Notices shall be effective upon receipt, if given by personal delivery, the earlier of (i) three (3) business days after deposit with United States Mail, or (ii) the date of actual receipt as evidenced by the return receipt, if delivered by certified mail, and one (1) day after deposit with the delivery service, if delivered by overnight guaranteed delivery service. Each party shall promptly notify the other party of any change(s) of address to which notice shall be sent pursuant to this Agreement.

f. Exhibits. Each Exhibit mentioned in this Agreement is attached hereto and incorporated herein by this reference.

g. Execution in Counterparts. The parties may execute this document in two or more counterparts; each counterpart shall be deemed an original instrument as against any party who has executed it.

IN WITNESS WHEREOF, the Commission and Owner have caused this instrument to be executed on their behalf by their respective officers hereunto duly authorized as of date first written above.

**COMMISSION:**

**COMMUNITY DEVELOPMENT COMMISSION OF  
THE COUNTY OF LOS ANGELES, a public body  
corporate and politic**

By: \_\_\_\_\_  
Carlos Jackson  
Executive Director

**APPROVED AS TO FORM:**

Raymond G. Fortner, Jr., County Counsel

By: \_\_\_\_\_  
Deputy

**OWNER:**

**WOODS FAMILY HOUSING PARTNERS, L.P.**  
A California Limited Partnership

By: SOUTHERN CALIFORNIA HOUSING  
DEVELOPMENT CORPORATION OF LOS  
ANGELES, a California non-profit corporation, its  
General Partner

By: \_\_\_\_\_  
Richard J. Whittingham, Chief Financial Officer

STATE OF CALIFORNIA                    )  
  ) SS.  
COUNTY OF \_\_\_\_\_ )

On \_\_\_\_\_, 200\_\_\_\_, before me \_\_\_\_\_, Notary Public,  
personally appeared \_\_\_\_\_, who proved to  
me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to  
the within instrument and acknowledged to me that he/she/they executed the same in  
his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the  
person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the  
foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature\_\_\_\_\_

STATE OF CALIFORNIA                    )  
  ) SS.  
COUNTY OF \_\_\_\_\_ )

On \_\_\_\_\_, 200\_\_\_\_, before me \_\_\_\_\_, Notary Public,  
personally appeared \_\_\_\_\_, who proved to  
me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to  
the within instrument and acknowledged to me that he/she/they executed the same in  
his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the  
person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the  
foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature\_\_\_\_\_

STATE OF CALIFORNIA                    )  
  ) SS.  
COUNTY OF \_\_\_\_\_ )

On \_\_\_\_\_, 200\_\_\_\_, before me \_\_\_\_\_, Notary Public,  
personally appeared \_\_\_\_\_, who proved to  
me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to  
the within instrument and acknowledged to me that he/she/they executed the same in  
his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the  
person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the  
foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature \_\_\_\_\_



EXHIBIT "A" TO CC&Rs  
**LEGAL DESCRIPTION OF SITE**

LOTS 169, 170, 171, 172, 173, 174, 175 AND 176 IN TRACT NO. 10665, IN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 164 PAGES 9 TO 12 INCLUSIVE OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPTING THEREFROM LOTS 169, 170, 171 AND 172 ALL MINERALS, GAS, OIL, PETROLEUM, NAPHTHA AND OTHER HYDROCARBON SUBSTANCES IN AND UNDER THE ABOVE DESCRIBED PROPERTY, TOGETHER WITH ALL NECESSARY AND CONVENIENT RIGHTS TO EXPLORE FOR, DEVELOP, PRODUCE, EXTRACT AND TAKE THE SAME, INCLUDING THE EXCLUSIVE RIGHT TO DIRECTIONALLY DRILL INTO AND THROUGH SAID LAND FROM OTHER LANDS AND INTO THE SUBSURFACE OF OTHER LANDS, SUBJECT TO THE EXPRESS LIMITATION THAT ANY AND ALL OPERATIONS FOR THE EXPLORATION, DEVELOPMENT, PRODUCTION, EXTRACTION, AND TAKING OF ANY OF SAID SUBSTANCES SHALL BE CARRIED ON AT LEVELS BELOW THE DEPTH OF 500 FEET FROM THE SURFACE OF THE ABOVE DESCRIBED PROPERTY, BY MEANS OF MINES, WELLS, DERRICKS, AND/OR OTHER EQUIPMENT FROM SURFACE LOCATIONS ON ADJOINING OR NEIGHBORING LAND LYING OUTSIDE OF THE ABOVE DESCRIBED PROPERTY, AND SUBJECT FURTHER TO THE EXPRESS LIMITATION THAT THE FOREGOING RESERVATION SHALL IN NO WAY BE INTERPRETED TO INCLUDE ANY RIGHT OF ENTRY IN AND UPON THE SURFACE OF THE ABOVE DESCRIBED STRIP OF LAND, AS WAS RESERVED BY WELLS FARGO BANK AMERICAN TRUST COMPANY, A CORPORATION, ET AL, IN DEED RECORDED MARCH 1, 1961 AS INSTRUMENT NO. 4239, IN BOOK D-1140 PAGE 258, OFFICIAL RECORDS, AND AS RESERVED BY EDWARD HELLMAN HELLER, ET AL., IN DEED RECORDED AUGUST 24, 1961 AS INSTRUMENT NO. 1747, IN BOOK D-1332 PAGE 594, OFFICIAL RECORDS.

## EXHIBIT "B" TO CC&Rs

### **Community Development Commission of the County of Los Angeles** **ORDINARY MAINTENANCE AND REPAIRS**

Ordinary maintenance is the routine work of keeping the buildings, grounds, and equipment in such condition that they may be utilized continually at their original or designed capacities and efficiencies for their intended purposes. Minor repair is the restoration of the facility to a condition substantially equivalent to its original capacity. Minor replacement is the substitution of component parts of equipment to extend its useful life.

In order to assure that the housing on the Site is kept in a decent, safe, and sanitary condition, the buildings, grounds, and equipment are to be maintained in a manner that will preserve their condition. "Grounds" includes lawns, roads, walks and other paved areas, trees and plants, fences, play areas, drainage facilities, etc. "Buildings" includes roofs, attic spaces, gutters and downspouts, walls, porches, foundations, crawl spaces, windows, floors, doors, etc. "Equipment" covers all items such as utility lines and piping, heating and plumbing equipment, pumps and tanks, ranges and refrigerators, tools, etc.

Set forth below are the standards for the degree of maintenance, repair and cleaning necessary to qualify as "safe, decent and sanitary." The Standards describe the minimum level of cosmetic repair and degree of cleanliness necessary to effectively market the dwelling units and to satisfy the needs of prospective residents. In brief, rental units are to be free of all defects (as described herein) and have an appealing and desirable appearance.

#### **EXTERIOR PROPERTY AREAS**

- A. Sanitation. Yards shall be clean and sanitary. All rubbish, garbage, trash, litter, debris, and abandoned personal property are to be removed from the grass, walks, steps, parking areas, and other grounds, as well as the roofs, gutters and window wells.
- B. Lawn Maintenance. Grounds shall be examined for proper drainage and, if necessary, graded to prevent the accumulation of stagnant water and to prevent water from seeping into building structures. All soil areas shall be sodded or seeded, as necessary, to prevent erosion, except garden areas at scattered sites. Weeds, saplings and uncut grass along the foundations of the house and garage, the fences, the walks, the parking areas, the sidewalk expansion joints and the window wells are to be removed. All grounds are to be free of noxious weeds. Bushes, hedges and trees are to be trimmed, if necessary. Grass shall be cut as often as necessary so that it does not exceed five (5) inches in height. The yard will be raked, as necessary.
- C. Walks and Steps. Cracks and Breakage. All front walks, sidewalks, rear walks, steps, driveways and parking pads shall be maintained in such a manner that there are no cracks or heaves large enough to create a safety hazard. Remove chipped and loose pieces of concrete and asphalt, as needed. Remove all graffiti.

## EXTERIOR STRUCTURES -- DWELLING AND GARAGE

- D. Foundation, Walls, and Roof. All exterior surfaces shall be maintained in good repair. They shall be free of holes, significant cracks, breaks and loose materials to provide a sufficient covering for the underlying structural surface and prevent any moisture from entering the dwelling. If the protective surface is paint, and if more than 25% of the area is blistered, cracked, flaked, scaled, or chalked away, it shall be repainted, weather permitting. All dirt, unsightly stains and graffiti are to be removed. Prime doors shall open and close smoothly. Each prime door shall have a properly working dead bolt lock with a newly changed cylinder.
- E. Screens. Every window shall have a screen which fits tightly and securely to the frame. Each screen shall be free of holes large enough for insects to penetrate or tears longer than 1".
- F. Gutters and Downspouts. If the structure has gutters and downspouts, they are to be secured to the structure and free of leaves and other debris.
- G. Garage. Overhead and service doors are to open and close smoothly and lock. Remove all loose contents from the interior. Wipe up surface oil drippings and spills. Broom sweep the floor.
- H. Faucets. Faucets and handles shall work properly.
- I. Miscellaneous. Mailboxes, guardrails, railings, exterior lights, fences and clothes line poles shall be properly anchored. Doorbells shall operate properly.
- J. Wall Graffiti. Wall graffiti and other unsightly markings on exterior walls are to be removed daily. If the graffiti is offensive in nature (profanity, gang slogans, etc.) it will be removed immediately.

Those deficiencies that are discovered during the winter that require warm weather to properly correct are to be noted for summer repair.

## INTERIOR PROPERTY AREAS

- K. Walls and Ceilings. All holes over one inch in diameter are to be filled. All cracks are to be filled or taped and plastered. All holes of one inch in diameter or less are to be filled if they are present in sufficient number to give the surface an undesirable appearance. All patches are to be sanded smooth. All wet plaster shall be neatly primed. In cases of extensive repair, the entire wall shall be primed.
- L. Doors, Hardware, Room Trim, and Handrails. All surfaces shall be clean and free of splashed or spilled paint. Doors shall open, close and latch smoothly and properly. Door stops shall be installed for each door and be clean and intact. Handrails shall be secure.

- M. Floors, Stairs, Baseboards, and Corners. Remove all rubbish, garbage, trash, litter, debris and abandoned personal property. All surfaces shall be swept or vacuumed. Carpet, if installed, shall be vacuumed, and, if it smells badly, has paint spills, or is dirty or stained, shall be shampooed.
- N. Window Areas. Tracks shall be free from dust, dirt and debris and lubricated so that windows slide smoothly and close tightly. Frames and sills shall be free of dust, dirt and mold. Curtain rods are to be securely installed over each window opening unless drapery rods are already in place. New, or "like new", window shades are to be installed over each bedroom window and non-opaque bathroom window. Dispose of and replace drapes and curtains in poor condition or that are dirty. Window panes shall be intact, i.e., without holes, chips, missing pieces or cracks, except for short corner cracks. Reputty the windows, if necessary. Window locks and other hardware shall function properly.
- O. Electrical Fixtures, Outlets, Switch Plates, and Outlet Plates. Each light fixture socket shall have a working light bulb. Each light fixture in the living areas shall have a clean globe, lens or shade. Test each switch, socket, and outlet and repair, if necessary. Light switch cover plates and electrical outlet cover plates shall be clean, i.e., free of dirt, grease, grime and paint, and shall be in good condition and intact, i.e., free of chips and cracks.
- P. Plumbing Fixtures.
- i. Faucets shall have adequate water flow. Handles shall turn "on" and "off" easily and smoothly. Faucets shall not leak when "on" or "off." Each faucet shall have a properly installed and functioning aerator, if so designed.
  - ii. Drains shall be tested by a 30-second luke warm water run to assure no leakage. Water shall empty from the sinks and tubs quickly. The drain pipe shall look and feel dry. Each drain shall have a stopper or a basket.
  - iii. Sinks and tubs shall be free of surface cracks or chips over one inch in length.
  - iv. Toilets shall operate properly. Toilet seats and covers shall be in "like new" condition with no surface finish loss whatsoever.
  - v. Other plumbing and related fixtures, such as kitchen sprayers, shower doors, and water main shutoffs shall work properly.
- Q. Cabinets. Kitchen, medicine and other storage cabinets doors and drawers shall open and close freely. The attendant hardware shall be clean, secure, and operate properly.
- R. Stoves. All parts shall work properly. The exhaust fan filter shall be changed or washed, if applicable. Each oven shall have an appliance bulb, broiler drip pan and cover and two oven racks.

- S. Heat Vents, Grilles, and Cold Air Return Grates. There shall be no broken or bent grille work. Grilles and grates shall be kept free of dirt, dust, grime and debris.
- T. Thermostat and Smoke Detector. The thermostat and smoke detector shall be clean, intact, free of paint and tested to operate properly.
- U. Basement. The ceiling, window openings, walls, pipes, ductwork, furnace and water heater are to be free of dirt, grease, spider webs and cobwebs. The floor shall be broom swept clean of loose dirt and litter. Windows and laundry tubs shall be washed if dirty. Laundry plumbing shall operate properly. Any basement bathroom interior and fixtures shall be kept clean. The furnace and water heater shall be tested to work properly, and furnace filter replaced as needed. Cap and close valve on unused gas lines. Seal dryer vent.
- V. Attic. Accessible attics shall be free of litter.
- W. Common Areas. The common areas and the entrances shall be inspected, repaired, and cleaned as necessary.
- X. Pest Control. The Site shall be free of all insect vermin. Remove all insect vermin. Inspect for other vermin and exterminate, if necessary.

## EXHIBIT "C" TO CC&Rs

### **Community Development Commission of the County of Los Angeles** **ANNUAL INSPECTION STANDARDS**

In order to ensure that all units are maintained in a safe, sanitary, decent condition, the Commission shall conduct a planned annual physical inspection of each dwelling unit, every building, and all other facilities with a record of any item requiring repair or replacement. This will include such items as plaster repairs, painting, termite inspection, roof deterioration, overloading of electric circuits, corrosion control, floors, windows and screens, ranges, refrigerators, fixtures and equipment. The inspection shall be made to the following standard:

#### **DWELLING UNIT -**

FLOORS (CARPET): Clean; no tears; no readily noticed marks or stains.

FLOORS (VINYL TILE): Clean; unbroken; no cracks; no unmatched tiles.

WALLS (PAINTED): Clean; smooth, unbroken surface (no holes); no marks; no peeling paint; covering at floor intact, clean.

WALLS (CERAMIC TILE): Tiles in place, secure, uncracked, unmarked (and free of paint); grout intact, uncracked, clean; covering at floor intact, clean.

CEILINGS (SPACKLED): Clean, consistent texture; no marks; no surface breaks.

WINDOWS: Clean; glass unbroken, uncracked; frames secure; latches secure and easily operated; movable parts operate smoothly and easily; screens in place, untorn, movable parts operate smoothly and easily; weather stripping intact and secure.

DRAPES: In place; clean, uniform appearance; no holes, tears; operating mechanism in place, opens/closes smoothly and easily.

DOORS: Door and jambs intact and secure; surface unbroken and with uniform, finished appearance; hardware (hinges, knobs, locks) operate smoothly and easily; door stops in place, secure.

CLOSET FIXTURES: Rods, shelves in place, clean, unbroken and unmarked.

ELECTRIC RECEPTACLES AND WALL SWITCHES: Fixtures and cover plates intact and unbroken; 110 volt service available; surfaces clean with no evidence of burns on the cover plates. Bathroom and kitchen receptacles protected by Ground Fault Interrupters.

LIGHT FIXTURES: Lamps, sockets, covers and control devices in place, intact, clean, secure, unbroken and operable.

HEATING, AIR COOLING EQUIPMENT: Thermostat operating properly (room temperature within 5 degrees of setting); heating zone valve leak-free; base-board heating fixtures intact, clean.

VENTILATION FANS/HOODS: Fans and lights operable without excessive noise or vibration; filters in place, intact and clean.

KITCHEN CABINETS: Doors, drawers, shelves and hardware in place, clean, intact; surfaces of smooth, unbroken, uniform appearance; all movable parts operate smoothly and easily.

KITCHEN COUNTERTOPS: Surface smooth, unbroken, unmarked, uniform color.

KITCHEN RANGE: External and internal surfaces intact and clean (including under top cover); controls function smoothly and easily, surface burners, bake and broil elements ignite and maintain design performance; doors and drawers operate smoothly and easily.

GARBAGE DISPOSER: Clean, intact, working properly without excessive noise; splashguard in place, intact, firm.

SINKS: Faucets operate providing a sufficient flow of water (2 to 3 gallons/minute) and shut off free of drips; no evidence of water leakage on top of sink or at drain under sink; drains flow freely with no backup with faucets open fully; sink surface clean, unbroken with no marks or discoloration.

BATHTUB/SHOWER: Faucets operate providing a sufficient flow of water (3 to 5 gallons/minute) and shut off free of drips; drains flow freely with no backup with faucets open fully; tub surface clean, unbroken with no marks or discoloration; grout intact, clean and unbroken; hot water temperature between 105 and 120 degrees (110 degrees at the tap recommended).

MEDICINE CABINET: In place, intact, mounted securely; surface unbroken; mirror intact, clean, uncracked; shelves in place, clean, intact; door intact, operates smoothly and easily, closes securely.

BATHROOM SINK COUNTERTOP: Clean, intact; surfaces of smooth, unbroken, uniform appearance.

BATHROOM TOWEL BARS, GRAB BARS, SOAP DISH AND TOILET PAPER HOLDER: In place, clean, intact and secure.

TOILET: Intact, mounted securely; no evidence of leakage at the wax ring; no evidence of softness or spring in the toilet base; flushed properly draining all solid waste; after flush, tank refills quickly (20 to 30 seconds); no water leakage into the tank or into the bowl at completion of the flush cycle; seat secure, with clean unbroken surface.

PESTS, VERMIN: No evidence of presence/infestation.

SMOKE DETECTORS: Operate when tested with approved smoke-tester.

SAFETY EQUIPMENT: Fire extinguishers inspected and adequately charged.



INTERCOM AND REMOTE DOOR OPENER: Audible transmission and effective door latch operation.

## **COMMON AREAS, GROUNDS AND STRUCTURES -**

LOBBY AND HALLWAY FLOORS (CARPET): Free of obstruction and litter; clean; no tears, marks, stains; carpet seams secure.

LOBBY AND HALLWAY FLOORS (VINYL TILE): Free of obstruction and litter; clean; unbroken; no cracks; no unmatched tiles.

WALLS AND CEILINGS (PAINTED): Clean; free of defacing; smooth, unbroken surface (no holes); no marks; no peeling paint; covering at floor intact, clean.

INTERIOR AND EXTERIOR LIGHT FIXTURES: Lamps, sockets, covers and control devices in place, intact, clean, secure, unbroken and operable.

DOORS: Door and frames intact and secure; surface unbroken and with uniform, finished appearance (free of defacing); hardware (hinges, knobs, locks) operate smoothly and easily; door stops in place, secure.

MAILBOXES: Clean; clearly labeled; individual boxes secure.

FIRE EXITS: Doors and exits smoothly and easily operable; signs clearly marked, visible secure and intact.

UNIT ENTRANCES: Unit number clearly identified; doors secure (see Unit Inspection Form).

TRASH ROOMS, MAINTENANCE SHOP AND STOREROOM AND UTILITY ROOMS: Clean, free of odors; doors in place and secure; stored items orderly.

FIRE ALARM SYSTEMS: Inspected by safety inspectors within specified frequency.

FIRE EXTINGUISHERS: In place; filled; inspected with specified frequency.

ELEVATORS: Odor-free; floors and walls of cab clean, free of defacing, smooth, unbroken surface (no holes), no marks; doors working properly; floor buttons working properly; floor number clearly marked and visible in each hallway at the elevator exit; ventilation fan operating quietly; emergency call system functioning as designed; equipment inspected and maintenance work performed on contract schedule.

DRIVEWAYS AND PARKING LOTS: Clean; litter and graffiti-free; free of obstructions (especially abandoned or inoperable vehicles); surface unbroken, free of oil stains; painted stripes clearly visible; handicapped parking signs clearly visible.

## **GROUNDS AND STRUCTURES**

SIDEWALKS AND STAIRWELLS: Clean; litter and graffiti-free; free of obstructions; smooth, unbroken surface (free of tripping hazards).

UTILITY METERS: Intact, covers secure.

TRASH AREAS: Free of debris; containers and covers secure, free of graffiti, in good repair.

ROOFS: Surface unbroken; no sign of puddling; free of litter, foreign objects; flashing intact and sealed; stacks and vents free of obstruction; gutters and downspouts clean, clear and secure.

LAWNS: Grass trimmed to no more than 3" high; litter-free; borders edged; weed-free; no bare spots.

TREES AND SHRUBS: Trimmed and pruned in season; no obstruction of walkways or overhang.

EXHIBIT "D" TO CC&RS

**Community Development Commission of the County of Los Angeles**  
**PREVENTATIVE MAINTENANCE STANDARDS**

Preventive maintenance based on regular methodical inspections is the action taken to avoid or minimize the need for more costly measures at some future time. It is performed prior to actual breakdown thereby preventing costly replacements and, in the case of operating equipment, lengthy shutdown. Effective preventive maintenance reduces long-range operating costs and lessens the necessity for major restorations and improvements. Preventive maintenance shall include, but is not limited to, the following, and shall include all other items affecting the health and safety of the tenants (pursuant to California Health & Safety Code 17910 *et seq.*):

Scheduled checking, adjusting, cleaning, and lubricating heating equipment.

Periodic inspection of ranges, hot water heaters, and space heaters for mechanical performance and for needed replacement of worn or broken parts.

Inspecting, servicing, and replacing worn parts in electro-mechanical equipment.

Checking and repairing plumbing fixtures, toilet tanks, drains, condition of porcelain, etc.

Termite and vermin inspection and elimination, by a Commission licensed firm.

Periodic interior and exterior painting.

Inspecting and patching roofs, gutters, downspouts, and flashing.

Inspecting underground facilities for corrosion and control thereof.

Inspecting for condensation, dampness, and fungus in wood and for rust in iron components and taking appropriate corrective measures.

Patching paved surfaces and sealcoating, as needed.

Correcting erosion and drainage deficiencies.

Fertilizing and cultivating planted areas.

Installing protective barriers, where needed, for planted areas and trees.

Checking fire safety equipment for operable use.

Caulking around bathtubs, tiles, countertops, windows, and doors to avoid water damage.

Administration and implementation of the preventative maintenance program shall be performed on the following schedule or a schedule approved by the Commission prior to implementation:

- |     |  |          |
|-----|--|----------|
| 1.  | Annual Dwelling Inspections and Corrections          | 1 year   |
| 2.  | Heating Furnace Services:                            |          |
|     | Minor Inspections and Services                       | 3 months |
|     | Major Inspections and Services                       | 2 years  |
| 3.  | Fire Extinguisher and Alarm Inspections and Services | 1 month  |
| 4.  | Range Hood and Motor Inspections and Services        | 1 year   |
| 5.  | Project Site Inspections and Corrections             | 1 year   |
| 6.  | Roofing Inspections and Corrections                  | 1 year   |
| 7.  | Project Fencing Inspection                           | 1 year   |
| 8.  | Security Lighting Inspections and Services           | 1 year   |
| 9.  | Trees and Shrubbery Inspections and Corrections      | 1 year   |
| 10. | Water Heater Inspections and Services                | 1 year   |
| 11. | Sewer Lift Station Inspections and Services          | 6 months |
| 12. | Septic Tank Inspections and Services                 | 1 year   |
| 13. | Street Pavement Inspections and Corrections          | 1 year   |
| 14. | Weather Stripping and Caulking                       | 1 year   |
| 15. | Interior Painting of Units                           | 5 years  |
| 16. | Exterior Painting of Units:                          |          |
|     | Wood siding and trim                                 | 3 years  |
|     | Brick walls, stucco walls and steel sash             | 5 years  |

**EXHIBIT "E TO CC&RS**  
**SUPPORTIVE SERVICES AGREEMENT**

## **Supportive and Enhanced Services Plan**

(Services will be provided by ELACC)

### **Population Served and Project Need**

#### ***Target Population/Outreach:***

The target population of 3<sup>rd</sup> & Woods LA is a mix of medium and large family households earning incomes between 30% and 50% of Area Median Income. The neighborhood population is comprised of 96.2% Hispanic/Latino as whose primary language is Spanish. ELACC will therefore coordinate all marketing for tenant services in English and in Spanish. ELACC and Southern California Housing Development Corporation of Los Angeles (SoCal Housing) will use a wide network of social service providers, including community clinics, churches, and libraries to market the units.

Likewise, as construction progresses towards completion, SoCal Housing will also utilize local newspapers to place leasing ads. A sign will also be posted at the site throughout the construction period indicating the process for submitting applications. In addition, a list of interested families will be maintained throughout the construction process. All interested parties will be mailed a rental application during the lease up period.

The Development addresses two needs of the East Los Angeles community: 1) need for quality affordable housing near public transit such as the MTA Gold Line; and 2) abatement of nuisance, blighted, or underutilized properties. In addition, the development will provide well designed and structurally sound units as well as remove an underutilized property and will develop it into an asset for the community.

#### ***Affordable Housing Need:***

The 3<sup>rd</sup> & Woods site lies within Unincorporated East Los Angeles and is located within the Zip Code of 90022. According to the 2000 Census, population living within 90022 totaled over 68,000. Over 96% of this population is Hispanic/Latino. The median household income in 2000 was approximately \$27,471 and 27% of families lived below the poverty rate. In addition, approximately 64% of 90022 residents are renters. These statistics indicate there is a tremendous need to not only build new housing but also rehabilitate existing units that meets current building standards and are affordable to working families. The advent of the Gold Line stop near the site has also increased rental prices in the surrounding area, further making units unaffordable.

## **2. Supportive Services**

East LA Community Corporation provides supportive services with a mission to improve the lives of residents living in quality affordable rental housing. ELACC believes that access to technology is crucial for the economic advancement of its tenants. As a result, ELACC has partnered with SoCal Housing and One Economy to design and implement free high speed internet access for tenants. ELACC will work with SoCal Housing to ensure that free high speed internet access is integrated into the development.

ELACC will also provide a variety of free social service programs. ELACC has a Homebuyer Education Department comprised of three ELACC staff members who focus on building community wealth through enabling resident of 3<sup>rd</sup> and Woods and other East

## **Section I. Item #3**

### **Supportive and Enhanced Services Plan**

Los Angeles to enhance their family balance sheet in a variety of ways. The Homebuyer Education Department provides financial literacy, first-time homebuyer education, and credit counseling services. Workshops (quarterly and semi annual depending on need) and one-on-one counseling help renters learn how to improve their credit score, establish a down payment savings account, and navigate the process of searching and purchasing a home.

ELACC also believes that fostering healthy families is the basis for improvements in education and employment. ELACC's Tenant & Member Services Program will coordinate a variety of workshops and services catered to tenants' needs and interests. Tenants at other ELACC developments have enjoyed workshops on heart health prevention and management, asthma, and diabetes. These workshops, in addition to other topics, will be provided to tenants living at 3rd & Woods. In addition, ELACC will strive to collaborate with other neighborhood organizations, such as, Union de Vecinos, Homeboy Industries, Puente Learning Center, and others, to enhance the quality of services offered by ELACC.

The services described above are also being provided by ELACC for similar populations at other ELACC developments. ELACC has found them to be appropriate and needed by low-income families similar to those who will reside at 3rd & Woods. ELACC is well suited to deliver several innovative social service programs and amenities to residents living at 3rd & Woods. By enabling tenants to improve their technology skill sets, financial literacy knowledge, personal health, and job opportunities, 3rd & Woods will serve as a model community for East Los Angeles and other transit-oriented developments.

The First-time Homebuyer Education & Financial Literacy workshops and Community Organizing programs like Tenant and Member Services are partly subsidized by outside grant services. ELACC remains committed to fundraising and sustaining the homebuyer and tenant services programs as well as similar services for a minimum period of ten years.

### **3. Manner of How Services Will Be Provided**

In the next few months, ELACC will begin meeting SoCal Housing and with One Economy at 3rd & Woods site to discuss an appropriate system design for the existing and new buildings. Depending on the buildings' design and other regulatory requirements, One Economy will either provide a wired or wireless high speed internet system. SoCal Housing is committed to providing free high speed internet for all residents of 3rd & Woods.

ELACC's various departments will also utilize the community room at 3rd & Woods to hold financial literacy, homebuyer education workshops and other services throughout the year. These workshops when offered will alternate between English and Spanish.

### **4. Access to Services**

A Tenant Services Coordinator, management staff, or ELACC representative will meet

### Supportive and Enhanced Services Plan

**Resident Involvement/Resident Association**

## 1. Committees

## 2. Problem Solving

### 3. Ongoing Communication

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### Supportive and Enhanced Services Plan

b. Management staff will also provide residents with a list of emergency numbers for hospitals, ambulance, fire department and police department, as well as the phone number of the on-site office and back-up information in the event of emergencies when the office is closed. Residents will also receive information about energy conservation and what each family can do to reduce energy waste.

d. ELACC and SoCal Housing staff regularly monitor and evaluates the services offered to tenants and to community members. The evaluation includes an analysis of residents' progress and achievement and occurs both informally and formally and happens routinely via regularly scheduled meetings with Departmental Directors to meetings with Asset Management Staff.

3rd & Woods  
Supportive Services Budget

<b>Proposed Budget</b>	
Tenant Services Coordinator	15,000
ELACC Community Wellness - In Kind	5,000
ELACC Financial Literacy & Homebuyer Education	5,000
<b>Total Supportive Services Budget</b>	<b>25,000</b>



Mr. William Huang  
Director  
Housing Development & Preservation  
Community Development Commission  
County of Los Angeles  
2 Coral Circle  
Monterey Park, CA 91755

**Re: 3<sup>rd</sup> & Woods, 5051 E. 3<sup>rd</sup> Street, East Los Angeles, CA 90022**  
**Commitment to Provide Services**

Dear Mr. Huang:

The East LA Community Corporation certifies that it will provide the services listed in the services section of this application or similar services appropriate to the population to be served at the project for a period of at least 10 years after the project is placed in service. The programs will be of a regular, ongoing nature and provided to tenants free of any but a nominal charge.

Sincerely,

Sincerely,



**Maria Cabildo**  
**Executive Director**





**EXHIBIT "H" TO LOAN AGREEMENT  
GROUND LEASE**

(HOME LOAN - PROJECT NO. \_\_\_\_\_)  
(INDUSTRY LOAN - PROJECT NO. \_\_\_\_\_)

(Please See Attached)

## **GROUND LEASE**

by and between the

**COMMUNITY DEVELOPMENT COMMISSION  
OF THE COUNTY OF LOS ANGELES**

a public body corporate and politic

as Landlord

and

**WOODS FAMILY HOUSING PARTNERS, L.P.**

A California Limited Partnership

as Tenant

Dated as of \_\_\_\_\_

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## GROUND LEASE

This GROUND LEASE ("Ground Lease") is entered into this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_ by and between the COMMUNITY DEVELOPMENT COMMISSION OF THE COUNTY OF LOS ANGELES, a public body corporate and politic ("Landlord" or "Commission") and WOODS FAMILY HOUSING PARTNERS, L.P., a California Limited Partnership (the "Tenant"), as Tenant under this Ground Lease. Landlord and Tenant shall sometimes hereinafter be individually referred to as "Party" and collectively referred to as "Parties".

### RECITALS

A. The 3rd & Woods Family Housing Project will be located at 5051 East 3rd Street, Los Angeles, California 90022 (the "Site"). Tenant will demolish the existing building and construct an affordable multifamily housing development with approximately 59 units of affordable family housing for very low-income families whose household incomes do not exceed fifty percent (50%) of Area Median Income ("AMI") as defined by the United States Department of Housing and Urban Development ("HUD") for the Los Angeles –Long Beach Metropolitan Statistical Area, adjusted for family size, one manager's unit, and commercial space on the Site (the "Project").

B. Landlord and Tenant have also entered into an acquisition loan agreement, promissory notes, deeds of trust and covenants, conditions and restrictions (collectively the "Loan Documents") dated \_\_\_\_\_, \_\_\_\_\_, 2008. Under the Loan Documents the Tenant is the Borrower and Landlord is the Commission. Tenant has borrowed funds from the Landlord, in order to provide for predevelopment, construction and permanent financing for the Project.

C. The Landlord, on the basis of the foregoing and the undertakings of the Tenant pursuant to this Ground Lease, is willing to lease the Site to the Tenant for the purpose of developing and operating the Project in accordance with the provisions of this Ground Lease and the Loan Documents.

D. As evidenced by this Ground Lease, Landlord has agreed, and will require Tenant, to comply with the Commission requirements as included in this Ground Lease.

**NOW THEREFORE**, in consideration of the mutual obligations of the parties hereto, the Landlord hereby leases to Tenant, and Tenant hereby leases from the Landlord, the Site, for the term, and subject to the terms, covenants, agreements and conditions hereinafter set forth, to each and all of which the Landlord and Tenant hereby mutually agree.

#### **ARTICLE 1: DEFINITIONS**

Terms used herein have the meanings given them when first used or as set forth in this Article 1, unless the context clearly requires otherwise.

1. **Agreement Date** means the date that this Ground Lease is deemed to be entered into and effective, as set forth on the cover page.
2. **Area Median Income (or "AMI")** means the median household or family income for the Los Angeles – Long Beach Metropolitan Statistical Area as defined by the United States Department of Housing and Urban Development.
3. **Commission** means the Community Development Commission of the County of Los Angeles, a public body, corporate and politic and includes any successor public agency designated by or pursuant to law. The Commission is the owner of the Site.
4. **Critical Activity(ies)** means an activity or item of work which, if delayed or extended, will delay Substantial Completion or the Final Completion Date.
5. **Fee Estate** means the fee interest, right and title held by the Landlord in the Site, which is being leased to Tenant pursuant to this Ground Lease.
6. **First Mortgage Lender** means the lender and its successors, assigns and participants or other entity holding the first deed of trust on the Leasehold estate.
7. **Ground Lease** means this Ground Lease of the Site to the Tenant from the Landlord, as amended from time to time.

8. **Improvements** mean all physical construction, including all structures, fixtures and other improvements to be constructed on the Site.
9. **Investor** means the tax credit equity investor and its successors and assigns.
10. **Landlord** means the Commission and its successors and assigns.
11. **Lease Year** means each calendar year during the term hereof, beginning on January 1 and ending on December 31, provided that the "First Lease Year" shall commence on the Effective Date and continue through December 31st of that same calendar year. Furthermore, the "Last Lease Year" shall end upon the expiration of the term hereof.
12. **Leasehold Estate** means the leasehold interest, right and title held by the Tenant pursuant to and created by this Ground Lease.
13. **Leasehold Mortgage** means any mortgage, deed of trust, trust indenture, letter of credit or other security instrument, including but not limited to the deeds of trust securing the First Mortgage Lender and which are part of the such loan documents, and any assignment of the rents, issues and profits from the Site, or any portion thereof, which constitute a lien on the Leasehold Estate created by this Ground Lease and have been approved in writing by the Landlord.
14. **Lender** means any entity holding a Leasehold Mortgage.
15. **Occupant** means any person or entity authorized by Tenant to occupy a residential unit on the Site, or any portion thereof.
16. **Premises** mean the Site together with any Improvements thereon.
17. **Project** means the multi-use development, consisting of 59 units of affordable housing plus one manager's unit, residential and commercial parking, site improvements, landscaping, up to 3,000 square feet of ground floor commercial space and other ancillary uses on the Site. If indicated by context, **Project** means the leasehold interest in the Site and the fee interest in the Improvements on the

Site, with provisions that enable Tenant to make Improvements on and encumber the Site provided that the terms shall permit or be amended to permit, prior to the recordation of Lender Leasehold Mortgages, compliance with all Lender and Investor requirements, subject to Landlord approval, including but not limited to compliance with Section 8316 of the California Code of Regulations, Title 21, Division 1, Chapter 7, Subchapter 19..

18. **Site** means the real property shown in the Site Legal Description, Attachment 1.
19. **Subsequent Owner** means any successor (including a Lender or an affiliate or assignee of a Lender as applicable) to the Tenant's interest in the Leasehold Estate and the Improvements who acquires such interest as a result of a foreclosure, deed in lieu of foreclosure, or transfer from a Lender, its affiliate, and any successors to any such person or entity.
20. **Tenant** means Woods Family Housing Partners, L.P., a California Limited Partnership (or a Subsequent Owner, where appropriate).
21. **Very Low Income Households** means households whose gross annual household incomes do not exceed fifty percent (50%) of AMI, adjusted by size and other adjustment factors allowed by HUD.

Whenever an Attachment is referenced, it means an attachment to this Ground Lease unless otherwise specifically identified. Whenever a section, article or paragraph is referenced, it is a reference to this Ground Lease unless otherwise specifically referenced.

## **ARTICLE 2: TERM**

(a) Initial Term. The term of this Ground Lease shall commence upon the Agreement Date and shall end ninety-nine (99) years from that date. If the Initial Term remaining at the time of recordation of the Leasehold Mortgages is not at least equal to the terms of the Leasehold Mortgages, the Ground Lease shall be amended to contain an Initial Term remaining not less than the term of the Leasehold Mortgages at the time of recordation,

unless the Lenders accept a lesser term. The Initial Term may also be extended pursuant to section (b) below.

(b) Option for Extension. Provided that the Tenant is not in default of the terms of its obligations to the Commission either at the time of giving an Extension Notice, as described in subparagraph (c) below, or on the last day of the term (the "Termination Date"), the term of this Ground Lease may be extended at the option of the Tenant for one five (5) year period as provided below.

(c) Notice of Extension. Not later than one hundred eighty (180) days prior to the Termination Date, the Tenant may notify the Landlord in writing that it wishes to exercise its option to extend the term of this Ground Lease (an "Extension Notice"). The extended term shall be for five (5) years from the Termination Date, which option the Tenant may exercise only once, for a total Ground Lease term not to exceed one hundred four (104) years.

(d) Right of First Refusal If, during the Initial Term of this Ground Lease, or any extensions of this Ground Lease, the Landlord desires to sell its interest in the Site, to an entity other than the County of Los Angeles, a County affiliate, or a nonprofit public benefit corporation, the Tenant or the Southern California Housing Development Corporation of Los Angeles (SCHDCLA), its Managing General Partner, will have the right of first refusal to negotiate for the purchase of the Site provided that the Tenant or SCHDCLA agrees to maintain the Site as a very low income housing development for at least Fifty-Five (55) years from the date of purchase.

### **ARTICLE 3: FINANCING**

Tenant shall submit to the Landlord in accordance with the dates specified in the Schedule of Performance, Attachment 3, for approval by the Landlord, evidence satisfactory to the Landlord that Tenant has sufficient equity capital and commitments for construction and permanent financing, and/or such other evidence of capacity to proceed with the construction of the Improvements in accordance with this Ground Lease, as is acceptable to the Landlord.

## **ARTICLE 4: RENT**

### **4.01 Annual Rent**

(a) Tenant shall pay the Landlord ONE DOLLAR (\$1.00) per year for lease of the Site for the Initial Term of the Ground Lease, without offset of any kind and without necessity of demand, notice or invoice from the Landlord (together, "Annual Rent"). Tenant may pay rent for the initial term upfront, upon execution of the Ground Lease. Prior to the Termination Date and if the Landlord and Tenant elect to extend the Ground Lease, the Annual Rent effective as of the Termination Date may be re-determined pursuant to section (b) below.

(b) If the Landlord and Tenant elect to extend the term of this Ground Lease, Annual Rent during any such extended term shall be set by mutual agreement of the parties, taking into account the affordable housing restrictions contained in Section 9.02 and any proposed extension of the affordable housing restrictions to match the proposed extended term of this Ground Lease, project debt and the annual income expected to be generated by the Project. If the Parties cannot agree on Annual Rent, either party may invoke a neutral third-party process to set the Annual Rent at fair market rent in accordance with the then-prevailing practice for resolving similar rent determination disputes in Los Angeles County taking into account the affordable housing restrictions contained in Section 9.02 or, in the event that there is no then-prevailing practice, in accordance with the rules of the American Arbitration Association. Provided, however, that after the neutral third party process, Tenant, in its sole discretion may rescind its extension notice if it does not wish to extend the term of this Ground Lease.

### **4.02 Triple Net Lease**

This Ground Lease is a triple net lease and the Tenant shall be responsible to pay all costs, charges, taxes, impositions and other obligations related thereto. If the Landlord pays any such amounts, whether to cure a default or otherwise protect its interests hereunder, the Landlord will be entitled to be reimbursed by Tenant the full amount of such payments as

additional rent within thirty (30) days of written demand by Landlord. Failure to timely pay the additional rent shall be an Event of Default.

#### **ARTICLE 5: LANDLORD COVENANTS**

The Landlord is duly created and validly existing in good standing under the Law, and has full right, power and authority to enter into and perform its obligations under this Ground Lease.

#### **ARTICLE 6: TENANT COVENANTS**

Tenant covenants and agrees for itself, and its successors and assigns to or of the Site, or any part thereof, that:

##### **6.01 Limited Partnership/Authority**

Tenant is a California limited partnership and has full rights, power and authority to enter into and perform its obligations under this Ground Lease.

##### **6.02 Use of Site and Rents**

During the term of this Ground Lease, Tenant and such successors and assigns shall comply with the following requirements:

##### **6.02(a) Permitted Uses**

Except as provided in Sections 26.06 and 26.07, Tenant shall devote the Site to, exclusively and in accordance with, the uses specified in this Ground Lease, as specified in Article 9 hereof, which are the only uses permitted by this Ground Lease.



#### **6.02(b)Non-Discrimination**

Tenant shall not discriminate against or segregate any person or group of persons on account of race, color, creed, religion, ancestry, national origin, sex, gender identity, marital or domestic partner status, sexual orientation or disability (including HIV or AIDS status) in the sale, lease, rental, sublease, transfer, use, occupancy, tenure or enjoyment of the Site or the Improvements, or any part thereof, nor shall Tenant itself or any person claiming under or through it establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy, of Occupants, subtenants or vendees on the Site or Improvements, or any part thereof, except to the extent permitted by law, required to comply with the provisions of the Articles hereof, or required by funding source. Tenant shall not discriminate against tenants with certificates or vouchers under the Section 8 program or any successor rent subsidy program.

#### **6.02(c)Non-Discriminatory Advertising**

All advertising (including signs) for sublease of the whole or any part of the Site shall include the legend "Equal Housing Opportunity" in type or lettering of easily legible size and design.

#### **6.02(d)Access for Disabled Persons**

Tenant shall comply with all applicable laws providing for access for persons with disabilities, including, but not limited to, the Americans with Disabilities Act and Section 504 of the Rehabilitation Act of 1973.

#### **6.02(e) Affirmative Marketing Plan**

At least ninety (90) days prior to occupancy and prior to the commencement of Occupant selection for the Project, Tenant shall submit an Affirmative Marketing Plan to be approved by the Commission. The Affirmative Marketing Plan must follow Commission guidelines for such plans.

#### **6.02(f) Lead Based Paint**

Tenant agrees to comply with the regulations issued by the Secretary of HUD set forth in 24 CFR Part 35 and all applicable rules and orders issued thereunder which prohibit the use of lead-based paint in certain residential structures undergoing federally assisted construction and require the elimination of lead-based paint hazards.

#### **6.03 Landlord Deemed Beneficiary of Covenants**

In amplification, and not in restriction, of the provisions of the preceding subsections, it is intended and agreed that the Landlord shall be deemed beneficiary of the agreements and covenants provided in this Article 6 for and in its own right and also for the purposes of protecting the interests of the community and other parties, public or private, in whose favor or for whose benefit such agreements and covenants have been provided. Such agreements and covenants shall run in favor of the Landlord for the entire period during which such agreements and covenants shall be in force and effect, without regard to whether the Landlord has any time been, remains, or is an owner of any land or interest therein to, or in favor of, which such agreements and covenants relate. The Landlord shall have the right, in the event of any breach of any such agreements or covenants, in each case, after notice and the expiration of cure periods, to exercise all the rights and remedies and to maintain any actions at law or suits in equity or other proper proceedings to enforce the curing of such breach of covenants, to which it or any other beneficiaries of such agreements or covenants may be entitled.

## **ARTICLE 7: RESERVED**

## **ARTICLE 8: CONDITION OF SITE - "AS IS"**

Neither the Landlord, nor any employee, agent or representative of the Landlord has made any representation, warranty or covenant, expressed or implied, with respect to the Site, its physical condition, the condition of any improvements, any environmental laws or regulations, or any other matter, affecting the use, value, occupancy or enjoyment of the Site other than as set forth explicitly in this Ground Lease, and the Tenant understands and agrees that the Landlord is making no such representation, warranty or covenant, expressed or implied; it being expressly understood that the Site is being leased in an "AS IS" condition with respect to all matters.

## **ARTICLE 9: IMPROVEMENTS AND PERMITTED USES**

### **9.01 Scope of Development and Schedule of Performance**

Tenant agrees to undertake and complete all physical construction on the Site, if any, as approved by the Landlord, in accordance with the Schedule of Performance, Attachment 3 to this Ground Lease, and the Loan Documents.

### **9.02 Permitted Uses and Occupancy Restrictions**

(a) The permitted uses of the Project are limited to approximately fifty-nine (59) residential dwelling units, plus one (1) manager's unit ("Residential Units"), common and parking areas, site improvements, landscaping, and other ancillary uses to the Project. Permitted uses of the ground commercial space of the Project include office, retail, restaurant, community and other ancillary uses to the commercial space. Upon the completion of construction, one hundred percent (100%) of the Residential Units in the Project, with the exception of the manager's unit, shall be occupied or held vacant and available for rental by Very Low Income Households, as more specifically described in the Loan Documents.

(b) Tenant will also comply with all permitted uses and occupancy restrictions in the Loan Documents.

#### **ARTICLE 10: CONSTRUCTION OF IMPROVEMENTS**

##### **10.01 General Requirements and Rights of Landlord**

Construction documents for the construction of the Improvements by Tenant (the "Construction Documents") shall be prepared by a person registered in and by the State of California to practice architecture and shall be in conformity with this Ground Lease and the Loan Documents, including any limitations established in the Landlord's approval of the schematic drawings, if any, preliminary construction documents, and final construction documents for the Premises, and all applicable Federal, State and local laws and regulations. The architect shall use, as necessary, members of associated design professions, including engineers and landscape architects.

##### **10.02 Landlord Approvals and Limitation Thereof**

The Construction Documents must be approved by the Landlord in the manner set forth below, unless such Landlord Approvals are determined to be duplicative of the Commission and/or Housing Authority of the County of Los Angeles Approvals required by the terms of their respective Leasehold Mortgages.

###### **10.02(a) Compliance with Ground Lease**

The Landlord's approval with respect to the Construction Documents is limited to determination of their compliance with this Ground Lease, including, if applicable, the Scope of Development (these enumerated documents are for convenience sometimes called "Redevelopment Requirements"). The Construction Documents shall be subject to general architectural review and guidance by the Landlord as part of this review and approval process.

###### **10.02(b) Landlord Does Not Approve Compliance with Construction Requirements**

The Landlord's approval is not directed to engineering or structural matters or compliance with building codes and regulations, the Americans with Disabilities Act, or any other applicable State or Federal law relating to construction standards or requirements.

**10.02(c) Landlord Determination Final and Conclusive**

The Landlord's determination respecting the compliance of the Construction Documents shall be final and conclusive (except that it makes no determination and has no responsibility for the matters set forth in Section 10.02(b), above).

**10.03 Construction to be in Compliance with Construction Documents and Law**

**10.03(a) Compliance with Landlord Approved Documents**

The construction shall be in strict compliance with the Landlord-approved Construction Documents.

**10.03(b) Compliance with Local, State and Federal Law**

The construction shall be in strict compliance with all applicable local, State and Federal laws and regulations.

**10.04 Approval of Construction Documents by Landlord**

Tenant shall submit and the Landlord shall approve or disapprove the Construction Documents referred to in this Ground Lease within the times established in Exhibit S of the acquisition loan agreement referenced in Recital B herein. Failure by the Landlord either to approve or disapprove within forty-five (45) days shall entitle Tenant to a day for day extension of time for completion of any Critical Activities delayed as a direct result of Landlord's failure to timely approve or disapprove the Construction Documents.

**10.05 Disapproval of Construction Documents by Landlord**

If the Landlord disapproves the Construction Documents in whole or in part as not being in compliance with Commission Requirements or this Ground Lease, Tenant shall submit new or corrected plans which are in compliance within thirty (30) days after written notification to it of disapproval, and the provision of this section relating to approval, disapproval and re-

submission of corrected Construction Documents shall continue to apply until the Construction Documents have been approved by the Landlord; provided, however, that in any event Tenant must submit satisfactory Construction Documents (i.e., approved by the Landlord) prior to construction commencement.

#### **10.06 Final Construction Documents to be Approved by Landlord**

The Final Construction Documents, including all drawings, specifications and other related documents necessary for the construction of the Improvements in accordance with the requirements of this Ground Lease must be approved by the Landlord.

#### **10.07 Issuance of Building Permits**

(a) Tenant shall have the sole responsibility for obtaining all necessary building permits and shall make application for such permits directly to the necessary County Departments. Tenant shall report permit status every ninety (90) days to the Landlord. Failure to timely file and to diligently pursue issuance of permits shall be a breach of this Ground Lease. Landlord will provide all necessary authorizations for the Tenant to obtain all necessary entitlement approvals, if any, and building permits

#### **10.08 Performance and Payment Bonds**

Prior to commencement of construction of the Improvements, Tenant shall deliver to the Landlord performance and payment bonds, each for the full value of the cost of construction of the Improvements, which bonds shall name the Landlord and the First Mortgage Lender as co-obligees, or such other completion security which is acceptable to the Landlord.

#### **10.09 Landlord Approval of Changes after Commencement of Construction**

Once construction has commenced, the only Construction Document matters subject to further review by the Landlord will be requests for any material changes in the Construction Documents which affect matters previously approved by the Landlord. For purposes of determining materiality in the Construction Documents, any single change order of \$250,000 or more in value and any change order which causes the aggregate value of all change orders to

exceed \$1,000,000 shall be considered material and require the Landlord's prior written approval unless waived by the Landlord. Permission to make such changes shall be requested by Tenant in writing directed to the Landlord, and if to Landlord, Attention: Housing Development & Preservation Manager, with a copy to the Construction Management Division Manager. The Landlord shall reply in writing giving approval or disapproval of the changes within ten (10) business days after receiving such request. If the request is disapproved, the reply must specify the reasons for the disapproval.

#### **10.10 Times for Construction**

Tenant agrees for itself, and its successors and assigns to or of the Leasehold Estate or any part thereof, that Tenant and such successors and assigns shall promptly begin and diligently prosecute to completion the development of the Site through the construction of the Improvements thereon, and that such construction shall in any event commence and thereafter diligently continue and shall be completed no later than March 31, 2010, unless such dates are extended by the Landlord.

#### **10.11 Force Majeure**

For the purposes of any of the provisions of this Ground Lease, neither the Landlord nor Tenant, as the case may be, shall be considered in breach or default of its obligations, nor shall there be deemed a failure to satisfy any conditions with respect to the beginning and completion of construction of the Improvements, or progress in respect thereto, in the event of enforced delay in the performance of such obligations or satisfaction of such conditions, due to unforeseeable causes beyond its control and without its fault or negligence, including, but not restricted to, acts of God, or of the public enemy, acts of the Government, acts of the other party, fires, floods, epidemics, quarantine restrictions, strikes, freight embargoes, general scarcity of materials and unusually severe weather or delays of subcontractors due to such causes; it being the purpose and intent of this provision that in the event of the occurrence of any such enforced delay, the time or times for the satisfaction of conditions to this Ground

Lease including those with respect to construction of the Improvements, shall be extended for the period of the enforced delay; provided, however, that the party seeking the benefit of the provisions of this paragraph shall have notified the other party thereof in writing of the cause or causes thereof within thirty (30) days after the beginning of any such enforced delay and requested an extension for the period of the enforced delay; and, provided further, that this paragraph shall not apply to, and nothing contained in this paragraph shall extend or shall be construed to extend, the time of performance of any of Tenant's obligations to be performed prior to the commencement of construction, nor shall the failure to timely perform pre-commencement of construction obligations extend or be construed to extend Tenant's obligations to commence, prosecute and complete construction of the Improvements in the manner and at the times specified in this Ground Lease.

#### **10.12 Reports**

Subsequent to commencement of construction of the Improvements and until completion, Tenant shall make a report in writing to the Landlord every three (3) months, in such detail as may reasonably be required by the Landlord, as to the actual progress of the Tenant with respect to such construction, unless such reports are determined to be duplicative of the Commission and/or Housing Authority of the County of Los Angeles reports required by the terms of their respective Leasehold Mortgages, including but not limited to the monthly reports provided by Commission Construction Management Division Inspectors. During such period the work of the Tenant shall be subject to inspection by representatives of the Landlord, at reasonable times and upon reasonable advance notice.

#### **10.13 Access to Site**

Tenant shall permit access to the Site to the Landlord whenever and to the extent necessary to carry out the purposes of the provisions of this Ground Lease, at reasonable times and upon reasonable advance notice. Prior to accessing the site, Landlord will provide all necessary indemnifications and evidence of insurance required by Tenant.



#### **10.14 Notice of Completion**

Promptly upon completion of the construction of the Improvements in accordance with the provisions of this Ground Lease, Tenant shall submit to Landlord for approval a Notice of Completion ("NOC"), and record such approved NOC in the Los Angeles County Recorder's Office. Tenant shall provide Landlord with a copy of the recorded NOC.

### **ARTICLE 11: COMPLETION OF IMPROVEMENTS**

#### **11.01 Certificate of Completion - Issuance**

Promptly after completion of the construction of the Improvements in accordance with the provisions of this Ground Lease, and upon the request of Tenant, the Landlord will furnish Tenant with an appropriate instrument so certifying (Certification of Completion). Such Certification of Completion by the Landlord shall be a conclusive determination of satisfaction and termination of the agreements and covenants of this Ground Lease with respect to the obligation of Tenant, and its successors and assigns, to construct the Improvements in accordance with Landlord approved Final Construction Documents and the dates for the beginning and completion thereof; provided, however, that such determination shall only be withheld because of failure to carry out specific requirements of this Ground Lease; provided further, that such certification and such determination shall not constitute evidence of compliance with or satisfaction of any obligation of Tenant to any Lender, or any insurer of a mortgage, securing money loaned to finance the construction or any part thereof; provided further, that Landlord issuance of any Certificate of Completion does not relieve Tenant or any other person or entity from any and all County or local jurisdiction requirements or conditions to occupancy of the Improvements, which requirements or conditions must be complied with separately.

#### **11.02 Certifications to be Recordable**

All certifications provided for in this section shall be in such form as will enable them to be recorded with the Recorder of Los Angeles County.

### **11.03 Certification of Completion - Non-Issuance Reasons**

If the Landlord shall refuse or fail to provide any certification in accordance with the provisions of Section 11.01, the Landlord shall provide Tenant with a written statement, within fifteen (15) days after written request by Tenant, indicating in adequate detail in what respects Tenant has failed to complete the construction of the Improvements in accordance with the provisions of this Ground Lease or is otherwise in default hereunder and what measures or acts will be necessary, in the opinion of the Landlord, for Tenant to take or perform in order to obtain such certification.

## **ARTICLE 12: CHANGES TO THE IMPROVEMENTS**

### **12.01 Post Completion Changes**

The Landlord has a particular interest in the Site and in the nature and extent of the permitted changes to the Improvements. Accordingly, it desires to and does hereby impose the following particular controls on the Site and on the Improvements: during the term of this Ground Lease, neither Tenant, nor any voluntary or involuntary successor or assign, shall make or permit any change in the Improvements, as change is hereinafter defined, unless the express prior written consent for any change shall have been requested in writing from the Landlord and obtained, and, if obtained, upon such terms and conditions as the Landlord may require. The Landlord agrees not to withhold or delay its response to such a request unreasonably.

### **12.02 Definition of Change**

'Change' as used in this Article means any alteration, modification, addition and/or substitution of or to the Site, the Improvements, and/or the density of development which differs materially from that which existed upon the completion of construction of the Improvements in accordance with this Ground Lease and the Loan Documents, and shall include without limitation the exterior design, exterior materials and/or exterior color. For purposes of the

foregoing, exterior shall mean and include the roof of the Improvements. Change excludes the interior tenant improvements of the ground floor commercial space.

#### **12.03 Enforcement**

The Landlord shall have any and all remedies in law or equity (including without limitation restraining orders, injunctions and/or specific performance), judicial or administrative, to enforce the provisions of this Article 12, including without limitation any threatened breach thereof or any actual breach or violation thereof.

#### **ARTICLE 13: TITLE TO IMPROVEMENTS**

Fee title to any Improvements shall be vested in Tenant and shall remain vested in Tenant during the term of this Ground Lease, subject to Section 14.01 below. Subject to the rights of any Lenders and as further consideration for the Landlord entering into this Ground Lease as the term hereof may be extended in accordance with applicable provisions hereof, at the expiration or earlier termination of this Ground Lease, fee title to all the Improvements shall vest in the Landlord without further action of any party, without any obligation by the Landlord to pay any compensation to Tenant and without the necessity of a deed from Tenant to the Landlord. Tenant shall be entitled to the burdens and benefits of ownership of the property, including the right to depreciate and the Low Income Housing Tax Credits during the term of the Ground Lease.

#### **ARTICLE 14: ASSIGNMENT, SUBLEASE OR OTHER**

##### **14.01 Assignment, Sublease or Other Conveyance by Tenant**

Tenant may not sell, assign, convey, sublease, or transfer in any other mode or form all or any part of its interest in this Ground Lease or in the Improvements or any portion thereof, other than to Lender(s), or allow any person or entity to occupy or use all or any part of the Site, other than leases to residential tenants in the ordinary course of business and, as applicable, commercial tenants, nor may it contract or agree to do any of the same, without the prior written approval of the Landlord, which approval shall not be unreasonably withheld or delayed. Tenant

may sell, assign, convey, sublease or transfer its interests in this Ground Lease and in the Improvements to a nonprofit public benefit corporation affiliate of Tenant or its successor in interest with prior thirty (30) day written notice to the Landlord.

Notwithstanding the foregoing, if the Project receives funding through an allocation of state and/or federal low income housing tax credits, Landlord hereby consents to the following transfers in furtherance of such financing: (i) syndication of limited partnership interests in Tenant to the equity investor; (ii) grant of a purchase option and/or right of first refusal with respect to the Project from the Tenant to either of its general partners and exercise of such as an option by the general partner of the Tenant; and (iii) removal of any general partner of Tenant pursuant to the terms of the limited partnership agreement of Tenant, as it may be amended from time to time, provided that any replacement general partner is approved by Landlord, which approval shall not be unreasonably withheld.

#### **14.02 Assignment, Sublease or Other Conveyance by Landlord**

The parties acknowledge that any sale, assignment, transfer or conveyance of all or any part of the Landlord's interest in the Site, the Improvements, or this Ground Lease, is subject to this Ground Lease. The Landlord will require that any purchaser, assignee or transferee expressly assume all of the obligations of the Landlord under this Ground Lease by a written instrument recordable in the Official Records of the County. This Ground Lease shall not be affected by any such sale, and Tenant shall attorn to any such purchaser or assignee. In the event that the Landlord intends to sell all or any part of the Site, the Landlord shall notify Tenant of the proposed terms of such sale not later than ninety (90) days before the anticipated close of escrow. Tenant shall have sixty (60) days from the giving of such notice to exercise a right of first refusal to purchase the Site on the same terms and conditions of such proposed sale.

#### **ARTICLE 15: TAXES**

Tenant agrees to pay, or cause to be paid, when due to the proper authority, any and all valid taxes, assessments and similar charges on the Site which become effective after the

execution of this Ground Lease, including all taxes levied or assessed on the possession, use or occupancy, as distinguished from the ownership, of the Site. Tenant shall not permit any such taxes, charges or other assessments to become a defaulted lien on the Site or the Improvements thereon; provided, however, that in the event any such tax, assessment or similar charge is payable in installments, Tenant may make, or cause to be made, payment in installments; and, provided further, that Tenant may contest the legal validity or the amount of any tax, assessment or similar charge, through such proceedings as Tenant considers necessary or appropriate, and Tenant may defer the payment thereof so long as the validity or amount thereof shall be contested by Tenant in good faith and without expense to the Landlord. In the event of any such contest, Tenant shall protect, defend and indemnify the Landlord against all loss, cost, expense or damage resulting there from, and should Tenant be unsuccessful in any such contest, Tenant shall forthwith pay, discharge, or cause to be paid or discharged, such tax, assessment or other similar charge. The Landlord shall furnish such information as Tenant shall reasonably request in connection with any such contest provided that such information is otherwise available to the public.

#### **ARTICLE 16: UTILITIES**

Tenant shall procure water, sewer service and electricity, telephone, natural gas and any other utility service from the utility companies providing such services, and shall pay all connection and use charges imposed in connection with such services. Tenant shall be responsible for the installation and maintenance of all facilities required in connection with such utility services to the extent not installed or maintained by the County or the utility providing such service.

#### **ARTICLE 17: MAINTENANCE**

Tenant, at all times during the term hereof, shall maintain or cause to be maintained the Premises in good condition and repair to the reasonable satisfaction of the Landlord, including

the exterior, interior, substructure and foundation of the Improvements and all fixtures, equipment and landscaping from time to time located on the Site or any part thereof. The Landlord shall not be obligated to make any repairs, replacements or renewals of any kind, nature or description whatsoever to the Site or any buildings or improvements now or hereafter located thereon.

#### **ARTICLE 18: LIENS**

Tenant shall use its best efforts to keep the Site free from any liens arising out of any work performed or materials furnished by itself or its subtenants. In the event that Tenant shall not cause the same to be released of record or bonded around within twenty (20) days following written notice from the Landlord of the imposition of any such lien or expiration of the contractor, subcontractor, and or supplier lien waiver period under the California Civil Code and as established from the date of the recording of the Notice of Completion, whichever is later,, the Landlord shall have, in addition to all other remedies provided herein and by law, the right but not the obligation to cause the same to be released by such means as it shall deem proper, including payment of the claim giving rise to such lien. All sums paid by the Landlord for such purpose, and all reasonable expenses incurred by it in connection therewith, shall be payable to the Landlord by Tenant on demand; provided, however, Tenant shall have the right, upon posting of an adequate bond or other security, to contest any such lien, and the Landlord shall not seek to satisfy or discharge any such lien unless Tenant has failed so to do within ten (10) days after the final determination of the validity thereof. In the event of any such contest, Tenant shall protect, defend, and indemnify the Landlord against all loss, cost, expense or damage resulting therefrom.

#### **ARTICLE 19: GENERAL REMEDIES**

##### **19.01 Application of Remedies**

The provisions of this Article 19 shall govern the parties' remedies for breach of this Ground Lease.

**19.02 Notice and Cure Rights for Tenant Limited Partner**

(a) The Landlord may not exercise its remedies under this Ground Lease for a default by the Tenant unless and until (i) the Landlord has given written notice of any such default, in accordance with the notice provisions of Article 39, to Tenant and Permitted Limited Partners who have requested notice as set forth below ("Permitted Limited Partners"), and (ii) such default has not been cured within sixty (60) days following the giving of such notice or, if such default cannot be cured within such 60-day period, such longer period as is reasonably necessary to cure such default, provided that such cure has been commenced within such 60-day period and is being prosecuted diligently to completion. If a Permitted Limited Partner cannot cure a default due to an automatic stay in Bankruptcy court because the general partner of the Tenant is in bankruptcy, any cure period will be tolled during the pendency of such automatic stay.

(b) The Landlord will not exercise its remedy to terminate this Ground Lease if a Permitted Limited Partner is attempting to cure the default and such cure requires removal of the General Partner, so long as the Permitted Limited Partner is proceeding diligently to remove the General Partner in order to effect a cure of such default.

(c) Any limited partner wishing to become a Permitted Limited Partner must provide five (5) days written notice to the Landlord in accordance with the notice provisions of this Ground Lease, setting forth a notice address and providing a copy of such notice to the Tenant and the Tenant's general partner. Such limited partner will become a Permitted Limited Partner upon the expiration of the five-day period. A limited partner will not be afforded the protections of this section with respect to any default occurring prior to the time such limited partner becomes a Permitted Limited Partner.

### **19.03 Breach by Landlord**

If Tenant believes a material breach of this Ground Lease has occurred, Tenant shall first notify the Landlord in writing of the purported breach, giving the Landlord sixty (60) days from receipt of such notice to cure such breach. In the event Landlord does not then cure or, if the breach is not reasonably susceptible to cure within that sixty (60) day period, begin to cure within sixty (60) days and thereafter diligently prosecute such cure to completion, then Tenant shall be afforded all of its rights at law or in equity by taking any or all of the following remedies: (i) terminating in writing this entire Ground Lease with the written consent of each Lender; (ii) prosecuting an action for damages; (iii) seeking specific performance of this Ground Lease; or (iv) any other remedy available at law or equity.

### **19.04 Breach by Tenant**

#### **19.04(a) Default by Tenant**

The following events each constitute a basis for the Landlord to take action against Tenant:

(1) Tenant fails to comply with the Permitted Uses and Occupancy Restrictions set forth in Section 9.02;

(2) Tenant voluntarily or involuntarily assigns, transfers or attempts to transfer or assign this Ground Lease or any rights in this Ground Lease, or in the Improvements, except as permitted by this Ground Lease;

(3) Tenant, or its successor in interest, shall fail to pay real estate taxes or assessments on the Premises or any part thereof when due, or shall place thereon any encumbrance or lien unauthorized by this Ground Lease, or shall suffer any levy or attachment to be made, or any material supplier's or mechanic's lien or any other unauthorized encumbrance or lien to attach, and such taxes or assessments shall not have been paid, or the encumbrance or lien removed or discharged; provided, however, that Tenant shall have the



right to contest any tax or assessment pursuant to Article 15 and Article 18 and, upon the posting of an adequate bond or other security, to contest any such lien or encumbrance. In the event of any such contest, Tenant shall protect, indemnify and hold Landlord harmless against all losses and damages, including reasonable attorneys' fees and costs resulting therefrom;

(4) Tenant shall be adjudicated bankrupt or insolvent or shall make a transfer in fraud of creditors, or make an assignment for the benefit of creditors, or bring or have brought against Tenant any action or proceeding of any kind under any provision of the Federal Bankruptcy Act or under any other insolvency, bankruptcy or reorganization act and, in the event such proceedings are involuntary, Tenant is not dismissed from the same within sixty (60) days thereafter; or, a receiver is appointed for a substantial part of the assets of Tenant and such receiver is not discharged within sixty (60) days;

(5) Tenant breaches any other material provision of this Ground Lease; or

(6) Tenant fails to pay any portion of Annual Rent when due in accordance with the terms and provisions of this Ground Lease that may apply to nonpayment of rent after the initial term.

#### **19.04(b) Notification and Landlord Remedies**

Upon the happening of any of the events described in Section 19.04(a) above and prior to exercising any remedies, the Landlord shall notify Tenant and Lender in writing of the Tenant's purported breach, failure or act, giving Tenant sixty (60) days from receipt of such notice to cure such breach, failure or act. In the event Tenant does not cure or, if the breach, failure or act is not reasonably susceptible to cure within that sixty (60) day period, begin to cure within sixty (60) days and thereafter diligently prosecute such cure to completion, then, subject to the rights of any Lender and subject to Section 19.02 and Article 26, the Landlord thereafter shall be afforded all of its rights at law or in equity, including any or all of the following remedies:

(1) terminating in writing this Ground Lease; (2) prosecuting an action for damages; (3) seeking specific performance of this Ground Lease; or (4) increasing the Base Rent.

Notwithstanding the foregoing, during the 15-year tax credit compliance period, Landlord may only terminate this Ground Lease for a default by Tenant under Section 19.04(a) above.

## **ARTICLE 20: DAMAGE AND DESTRUCTION**

### **20.01 Insured Casualty**

If the Improvements or any part thereof are damaged or destroyed by any cause covered by any policy of insurance required to be maintained by Tenant hereunder, Tenant shall promptly commence and diligently complete the restoration of the Improvements as nearly as possible to the condition thereof prior to such damage or destruction, upon First Mortgage Lender's written approval; provided, however, that if more than fifty percent (50%) of the Improvements are destroyed or are so damaged by fire or other casualty and if the insurance proceeds do not provide at least ninety percent (90%) of the funds necessary to accomplish the restoration, Tenant, with the written consent of Lender, may terminate this Ground Lease within thirty (30) days after the later of (i) the date of such damage or destruction, or (ii) the date on which Tenant is notified of the amount of insurance proceeds available for restoration. In the event Tenant is required or elects to restore the Improvements, upon First Mortgage Lender's written approval, all proceeds of any policy of insurance required to be maintained by Tenant under this Ground Lease shall be used by Tenant for that purpose and Tenant shall make up from its own funds or obtain additional financing as reasonably approved by the Landlord any deficiency between the amount of insurance proceeds available for the work of restoration and the actual cost thereof. In the event Tenant elects to terminate this Ground Lease pursuant to its right to do so under this Section 20.01, or elects not to restore the Improvements, the insurance proceeds shall be disbursed in the order set forth in Section 20.03 below.

### **20.02 Uninsured Casualty**

If (i) more than 50% of the Improvements are damaged or destroyed and ten percent (10%) or more of the cost of restoration is not within the scope of the insurance coverage; and (ii) in the reasonable opinion of Tenant, the undamaged portion of the Improvements cannot be completed or operated on an economically feasible basis; and (iii) there is not available to Tenant any feasible source of third party financing for restoration reasonably acceptable to Tenant; then Tenant may, with the written consent of each Lender and the Landlord, terminate this Ground Lease upon ninety (90) days written notice to the Landlord. If it appears that the provisions of this Section 20.02 may apply to a particular event of damage or destruction, Tenant shall notify the Landlord promptly and not consent to any settlement or adjustment of an insurance award without the Landlord's written approval, which approval shall not be unreasonably withheld or delayed. In the event that Tenant terminates this Ground Lease pursuant to this Section 20.02, all insurance proceeds and damages payable by reason of the casualty shall be divided among Landlord, Tenant and Lenders in accordance with the provisions of Section 20.03. If Tenant does not have the right, or elects not to exercise the right, to terminate this Ground Lease as a result of an uninsured casualty, Tenant shall promptly commence and diligently complete the restoration of the Improvements as nearly as possible to their condition prior to such damage or destruction in accordance with the provisions of Section 20.01.

### **20.03 Distribution of the Insurance Proceeds**

In the event of an election by Tenant to terminate and surrender as provided in either Sections 20.01 or 20.02, the priority and manner for distribution of the proceeds of any insurance policy required to be maintained by Tenant hereunder shall be as follows:

- (a) First to the Lenders, in order of their priority, to control, disburse or apply to any outstanding loan amounts in accordance with the terms their respective Leasehold Mortgages;
- (b) Second, to pay for the cost of removal of all debris from the Site or adjacent and underlying property, and for the cost of any work or service required by any statute, law,

ordinance, rule, regulation or order of any federal, state or local government, or any agency or official thereof, for the protection of persons or property from any risk, or for the abatement of any nuisance, created by or arising from the casualty or the damage or destruction caused thereby;

(c) Third, to compensate Landlord for any diminution in the value (as of the date of the damage or destruction) of the Site as a raw development site caused by or arising from the damage or destruction; and

(d) The remainder to Tenant.

#### **20.04 Clean Up of Housing Site**

In the event the Tenant terminates this Ground Lease pursuant to the provisions of Sections 20.01 or 20.02 and the proceeds of any insurance policy are insufficient to pay the clean-up and other costs described in Article 20.03(b), Tenant shall have the obligation to pay the portion of such costs not covered by the insurance proceeds.

### **ARTICLE 21: DAMAGE TO PERSON OR PROPERTY; HAZARDOUS MATERIALS; INDEMNIFICATION**

#### **21.01 Damage to Person or Property -General Indemnification**

Landlord shall not in any event whatsoever be liable for any injury or damage to any person happening on or about the Site, for any injury or damage to the Premises, or to any property of Tenant, or to any property of any other person, entity or association on or about the Site. Tenant shall defend, hold harmless and indemnify the Landlord, the Housing Authority of the County of Los Angeles ("Housing Authority"), the County and their respective commissioners, officers, agents, and employees, of and from all claims, loss, damage, injury, actions, causes of action and liability of every kind, nature and description directly or indirectly arising from its tenancy, its use of the Site, including adjoining sidewalks and streets, and any of its operations activities thereon or connected thereto; provided, however, that this Article 21 shall not be deemed or construed to and shall not impose an obligation to indemnify and save

harmless the Landlord or any of their commissioners, officers, agents or employees from any claim, loss, damage, liability or expense, of any nature whatsoever, arising from or in any way related to or connected with any willful misconduct or gross negligence by the person or entity seeking such indemnity.

**21.02 Hazardous Materials –Indemnification**

(a) Tenant shall indemnify, defend, and hold the Landlord, the Housing Authority, and the County, and their respective commissioners, officers, agents and employees (individually, an "Indemnified Party" and collectively, the "Indemnified Parties") harmless from and against any and all losses, costs, claims, damages, liabilities, and causes of action of any nature whatsoever (including, without limitation, the reasonable fees and disbursements of counsel and engineering consultants) incurred by or asserted against any Indemnified Party in connection with, arising out of, in response to, or in any manner relating to violation of any Environmental Law, or any Release, threatened Release and any condition of pollution, contamination or Hazardous Substance-related nuisance on, under or from the Site.

(b) For purposes of this Section 21.02, the following definitions shall apply:

(i) "Hazardous Substance" shall have the meaning set forth in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended as of the date of this Agreement, 42 U.S.C. '9601(14), and in addition shall include, without limitation, petroleum (including crude oil or any fraction thereof) and petroleum products, asbestos, asbestos-containing materials, polychlorinated biphenyls ("PCBs"), PCB-containing materials, all hazardous substances identified in the California Health & Safety Code '25316 and '25281(d), all chemicals listed pursuant to the California Health & Safety Code '25249.8, and any substance deemed a hazardous substance, hazardous material, hazardous waste, or contaminant under Environmental Law. The foregoing definition shall not include substances which occur naturally on the Site.

(ii) "Environmental Law" shall include all federal, state and local laws, regulations and ordinances governing hazardous waste, wastewater discharges, drinking water, air emissions, Hazardous Substance releases or reporting requirements, Hazardous Substance use or storage, and employee or community right-to-know requirements related to the work being performed under this Agreement.

(iii) "Release" shall mean any spillage, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping, or disposing into the environment, including the abandonment or discharging of barrels, containers, and other closed receptacles containing any Hazardous Substance.

## **ARTICLE 22: INSURANCE**

### **22.01 Insurance**

Without limiting Tenant's indemnifications of the Landlord provided in this Ground Lease, Tenant shall procure and maintain at its own expense the insurance described in this section for the time periods set forth herein. Such insurance shall be secured from carriers admitted in California, or authorized to do business in California. Such carriers shall be in good standing with the California Secretary of State's Office and the California Department of Insurance. Such carriers must be approved by the California Department of Insurance and must be included on the California Department of Insurance List of Eligible Surplus Line Suppliers (hereinafter "LESLI"). Such carriers must have a minimum rating of or equivalent to A:VIII in Best's Insurance Guide. Tenant shall, concurrent with the execution of the Ground Lease, deliver to the Landlord certificates of insurance with original endorsements evidencing the general liability and automobile insurance coverage required by the Ground Lease. If original endorsements are not immediately available, such endorsements may be delivered subsequent to the execution of the Ground Lease, but no later than thirty (30) days following execution of the Ground Lease. Tenant shall deliver satisfactory evidence of issuance of All Risk property insurance described in Section E below and worker's compensation insurance

described in Section C below at such time that such exposures are at risk, but in no before the start of construction. Tenant shall deliver satisfactory evidence of issuance of professional liability coverage once the design professionals are hired for the Project. The certificate and endorsements shall be signed by a person authorized by the insurers to bind coverage on its behalf. Landlord reserves the right to require complete certified copies of all policies at any time. Said insurance shall be in a form acceptable to Landlord and may provide for such deductibles as may be acceptable to Landlord. Any self-insurance program and self-insured retention must be separately approved by Landlord. In the event such insurance does provide for deductibles or self-insurance, Tenant agrees that it will defend, indemnify and hold harmless the Landlord in the same manner as they would have been defended, indemnified and held harmless if full coverage under any applicable policy had been in effect. Each such certificate shall stipulate that Landlord is to be given at least thirty (30) days' written notice in advance of any modification or cancellation of any policy of insurance. Tenant shall give Landlord immediate notice of any insurance claim or loss which may be covered by insurance. Tenant represents and warrants that Tenant's contractors, subcontractors, and design professionals shall also provide and maintain all of the insurance coverage requirements as set forth herein. All certificates of insurance and additional insured endorsements shall carry the following identifier:

3rd & Woods Family Housing Project  
5051 East 3rd Street  
Los Angeles, CA 90022

The insurance policies shall be primary insurance with respect to Landlord. The insurance policies shall contain a waiver of subrogation for the benefit of Landlord. Failure on the part of Tenant, and/or any entities with which Tenant contracts, to procure or maintain the insurance coverage required in this Section may, upon Landlord's sole discretion, constitute a

material breach of the Ground Lease pursuant to which Landlord may immediately terminate the Ground Lease and exercise all other rights and remedies set forth herein, at its sole and absolute discretion, and without waiving such default or limiting the rights or remedies of Landlord, procure or renew such insurance and pay any and all premiums in connection therewith and all monies so paid by Landlord shall be immediately repaid by Tenant to Landlord upon demand including interest thereon at the default rate. In the event of such a breach, Landlord shall have the right, at its sole election, to participate in and control any insurance claim, adjustment, or dispute with the insurance carrier. Tenant's failure to assert or delay in asserting any claim shall not diminish or impair Landlord's rights against Tenant or the insurance carrier.

When Tenant is naming Landlord as an additional insured on any of the commercial general liability or comprehensive liability insurance policies set forth herein, then the additional insured endorsement shall contain language similar to the language contained in ISO form CG 20 10 10 01. When any entity with which Tenant is contracting, is naming Landlord as an additional insured on any of the commercial general liability or comprehensive liability insurance policies set forth herein, then the additional insured endorsement shall contain language similar to the language contained in ISO form CG 20 10 11 85.

Tenant shall procure and maintain the following insurance policies for the duration of this Agreement, unless otherwise set forth herein:

- A. GENERAL LIABILITY INSURANCE including coverage for personal injury, death, property damage and contractual liability, with a combined single limit of at least Two



Million Dollars (\$2,000,000) for each occurrence (Four Million Dollars (\$4,000,000) General Aggregate), including products and completed operations coverage.

B. AUTOMOBILE LIABILITY INSURANCE: Combined single limit automobile liability insurance of at least One Million Dollars (\$1,000,000) per accident for bodily injury and property damage, covering owned, nonowned and hired vehicles.

C. WORKERS' COMPENSATION and EMPLOYER'S LIABILITY Tenant's employees, if any, Tenant's contractors, subcontractors, and design professionals and any affiliates or agents of Tenant shall be covered by Workers' Compensation insurance in an amount and in such form as to meet all applicable requirements of the Labor Code of the State of California and Employers Liability limits of One Million Dollars (\$1,000,000) per accident.

D. PROFESSIONAL LIABILITY INSURANCE, including coverage for personal injury, death, property damage and contractual liability, with a combined single limit of at least One Million Dollars (\$1,000,000) for each occurrence (Two Million Dollars (\$2,000,000) General Aggregate). Said insurance shall be maintained for the statutory period during which the professional maybe exposed to liability. If Tenant is not providing professional services, then it is the responsibility of Tenant to obtain separate written approval from Commission to eliminate this professional liability insurance requirement.

E. PROPERTY INSURANCE. Based upon the specifics of this Ground Lease, and as directed by the Commission, Tenant shall obtain either "Basic Form" or "Special Form" property insurance as set forth below:

- "Basic Form" insurance coverage shall include, without limitation, insurance against the perils of fire and physical loss or damage including, without duplication of coverage, vandalism, malicious mischief, collapse, earth movement (excluding earthquake), and windstorm. The amount of the property coverage shall at all times be on a replacement cost basis and shall exceed the actual cash value (ACV) of all existing structures, improvements and fixtures on the Property. Said insurance shall be maintained for the duration of this Ground Lease. The Landlord and each of its elected and appointed officers, officials, representatives, employees, and agents shall be covered as additional insureds on such policy.
- "Special Form" property insurance coverage shall include, without limitation, builders risk insurance and insurance against the perils of fire and physical loss or damage including, without duplication of coverage, theft, vandalism, malicious mischief, collapse, flood, windstorm, false work, testing and startup, temporary buildings and debris removal including demolition occasioned by enforcement of any applicable legal requirements. The amount of the property coverage shall at all times exceed the full replacement value of materials supplied or installed by others and all existing structures, improvements and fixtures on the Property. There shall not be a "co-insurance" clause. If a coinsurance waiver is not commercially available at reasonable rates, Commission may waive this requirement. Said insurance shall be maintained for the duration of this Ground Lease. The Landlord and each of its elected and appointed officers, officials, representatives, employees, and agents shall be covered as additional insureds on such policy.

The Commission, the Housing Authority of the County of Los Angeles, the County, and each of their elected and appointed officers, officials, representatives, employees, and agents shall be named as additional insureds on the above mentioned Liability Policy, Property Insurance Policy, and Automobile Liability Policy.

Tenant agrees that it will require that all of the above mentioned insurance requirements be incorporated in its contract with any entity with which it contracts in relation to this Lease, the Property, or the Development.

**22.01(d) Deductibles and Self-Insured Retentions**

Any deductibles or self-insured retentions must be declared to and approved by Landlord. At the option of Landlord, either: the insurer shall reduce or eliminate such deductibles or self-insured retentions as respects the Landlord, its officers, employees and volunteers; or the Tenant shall procure a bond guaranteeing payment of losses and related investigation, claim administration and defense expenses.

**22.01(e) Other Insurance Provisions**

The policies are to contain, or be endorsed to contain, the following provisions:

**(1) General Liability and Automobile Liability Coverage:**

**(a)** The Landlord, the County of Los Angeles and their respective officers, agents, employees and Commissioners, are to be covered as additional insured as respects: liability arising out of activities performed by or on behalf of the Tenant; products and completed operations of the Tenant, premises owned, occupied or used by the Tenant; or automobiles owned, leased, hired or borrowed by the Tenant. The coverage shall contain no special limitations on the scope of protection afforded to the Landlord, the County of Los Angeles and their respective officers, agents, employees or Commissioners.

(b) The Tenant's insurance coverage shall be primary insurance as respects the Landlord, the County of Los Angeles and their respective officers, agents, employees and Commissioners. Any insurance or self-insurance maintained by the Landlord, the County of Los Angeles and their respective officers, agents, employees or Commissioners shall be excess of the Tenant's insurance and shall not contribute with it.

(c) Any failure to comply with reporting provisions of the policies shall not affect coverage provided to the Landlord, County of Los Angeles and their respective officers, agents, employees or Commissioners.

(d) The Tenant's insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability.

(2) **Workers' Compensation and Employers Liability Coverage:** The insurer shall agree to waive all rights of subrogation against the Landlord, the County of Los Angeles and their respective officers, agents, employees and Commissioners for losses arising from work performed by the Tenant for the Landlord.

(3) **All Coverage:** Each insurance policy required by this clause shall be endorsed to state that coverage shall not be suspended, voided, canceled by either party, or reduced in coverage or in limits, except after thirty (30) days' prior written notice by certified mail, return receipt requested, has been given to Landlord.

**22.01(f) Acceptability of Insurers**

Insurance is to be placed with insurers with a Best's rating of no less than A:VIII or as otherwise approved by the Landlord.

**22.01(g) Verification of Coverage**

Tenant shall furnish Landlord with certificates of insurance and with original endorsements effecting coverage required by this clause at the commencement of this Ground

Lease and annually thereafter. The certificates and endorsements for each insurance policy are to be signed by a person authorized by that insurer to bind coverage on its behalf. Landlord reserves the right to require complete, certified copies of all required insurance policies, at any time.

**22.01(h) Subcontractors**

Tenant shall include all subcontractors as additional insureds under its policies or shall furnish separate certificates and endorsements for each subcontractor. All coverage for subcontractors shall be subject to all of the requirements stated herein, unless otherwise approved by the Landlord.

**ARTICLE 23: COMPLIANCE WITH SITE-RELATED AND LEGAL REQUIREMENTS**

**23.01 Compliance with Legal Requirements**

Tenant shall at its cost and expense, promptly comply with all laws, statutes, ordinances and governmental rules, regulations or requirements now in force or which may hereafter be in force, with the requirements of any board of fire underwriters or other similar body now or hereafter constituted, with any direction or occupancy certificate issued pursuant to any law by any public officer or officers, insofar as any thereof relates to or affects the condition, use or occupancy of the Site. In the event Tenant contests any of the foregoing, Tenant shall not be obligated to comply therewith to the extent that the application of the contested law, statute, ordinance, rule, regulation or requirement is stayed by the operation of law or administrative or judicial order and Tenant indemnifies the Landlord against all loss, cost, expense or damage resulting from noncompliance.

**ARTICLE 24: ENTRY**

The Landlord and its authorized agents shall have the right at all reasonable times during normal business hours and after forty-eight (48) hours written notice to Tenant (except in the event of an emergency when no written notice is required), to go on the Site for the purpose

of inspecting the same or for the purpose of posting notices of nonresponsibility, or for police or fire protection.

## **ARTICLE 25: MORTGAGE FINANCING**

### **25.01 No Encumbrances Except for Development Purposes**

Notwithstanding any other provision of this Ground Lease and subject to the prior written consent of the Landlord in the form attached hereto as Attachment 4, which consent shall not be unreasonably withheld or delayed, Leasehold Mortgages are permitted to be placed upon the Leasehold Estate only for the purpose of securing loans of funds to be used for financing the acquisition, design, renovation or construction of the Improvements and any other expenditures reasonably necessary and appropriate to acquire, own, develop, renovate, or construct the Improvements under this Ground Lease and in connection with the operation of the Improvements, and costs and expenses incurred or to be incurred by Tenant in furtherance of the purposes of this Ground Lease.

### **25.02 Holder Not Obligated to Construct**

The holder of any mortgage, deed of trust or other security interest authorized by Section 25.01 ("Holder" or "Lender"), including the successors or assigns of such Holder, is not obligated to complete any construction of the Improvements or to guarantee such completion; nor shall any covenant or any other provision of this Ground Lease be construed so to obligate such Holder. However, in the event the Holder does undertake to complete or guarantee the completion of the construction of the Improvements, subject to Section 26.06(ii), nothing in this Ground Lease shall be deemed or construed to permit or authorize any such Holder or its successors or assigns to devote the Site or any portion thereof to any uses, or to construct any Improvements thereon, other than those uses or Improvements authorized under Section 9.02. To the extent any Holder or its successors in interest wish to change such uses or construct

different improvements, subject to Section 26.06(ii), that Holder or its successors in interest must obtain the written consent of the Landlord.

### **25.03 Failure of Holder to Complete Construction**

In any case where six months after assumption of obligations pursuant to Section 25.02 above, a Lender, having first exercised its option to complete the construction, has not proceeded diligently with completion of the construction, the Landlord shall be afforded the rights against such Holder it would otherwise have against Tenant under this Ground Lease for events or failures occurring after such assumption.

### **25.04 Default by Tenant and Landlord's Rights**

#### **25.04(a) Right of Landlord to Cure a Default or Breach by Tenant under a Leasehold Mortgage**

In the event of a default or breach by Tenant in or of its obligations under any Leasehold Mortgage, and Tenant's failure to timely commence or diligently prosecute cure of such default or breach, the Landlord may, at its option, cure such breach or default at any time prior to one hundred five (105) days after the date on which the Lender files a notice of default. In such event, the Landlord shall be entitled to reimbursement from Tenant of all costs and expenses reasonably incurred by the Landlord in curing the default or breach. The Landlord shall also be entitled to a lien upon the Leasehold Estate or any portion thereof to the extent of such costs and disbursements. Any such lien shall be subject and subordinate to the lien of any then existing Leasehold Mortgage authorized by this Ground Lease, including any lien contemplated because of advances yet to be made. After ninety (90) days following the date of Lender filing a notice of default, the Landlord shall also have the right to assign Tenant's interest in the Ground Lease to another entity, subject to such Lender's written consent which may be withheld at Lender's sole and absolute discretion, but which may be conditioned upon, including without limitation the assumption by such other entity of all obligations of the Tenant under the

Leasehold Mortgage, and such entity curing any and all defaults under the Lender loan documents.

**25.04(b) Notice of Default to Landlord**

Tenant shall use its best efforts to require Lender to give the Landlord prompt written notice of any such default or breach and each Leasehold Mortgage shall so provide and shall also contain the Landlord's right to cure as above set forth.

**25.05 Cost of Mortgage Loans to be Paid by Tenant**

Tenant covenants and affirms that it shall bear all of the costs and expenses in connection with (i) the preparation and securing of any Leasehold Mortgage, (ii) the delivery of any instruments and documents and their filing and recording, if required, and (iii) all taxes and charges payable in connection with any Leasehold Mortgage.

**ARTICLE 26: PROTECTION OF LENDER**

**26.01 Notification to Landlord**

Promptly upon the creation of any Leasehold Mortgage and as a condition precedent to the existence of any of the rights set forth in this Article 26, each Lender shall give written notice to the Landlord of the Lender's address and of the existence and nature of its Leasehold Mortgage. Execution of a document in the form of Attachment 4 shall constitute Landlord's acknowledgement of Lender giving such notice as is required to obtain the rights and protections of a Lender under this Ground Lease. The Landlord hereby acknowledges that the Landlord, in its capacity as the lender under the Loan Documents, is deemed to have given such written Notice.

**26.02 Lender's Rights to Prevent Termination**

Each Lender shall have the right, but not the obligation, at any time prior to termination of this Ground Lease and without payment of any penalty other than the interest on unpaid rent, to pay all of the rents due hereunder, to effect any insurance, to pay any taxes and



assessments, to make any repairs and improvements, to do any other act or thing required of Tenant hereunder, and to do any act or thing which may be necessary and proper to be done in the performance and observance of the agreements, covenants and conditions hereof to prevent a termination of this Ground Lease to the same effect as if the same had been made, done and performed by Tenant instead of by Lender.

### **26.03 Lender's Rights When Tenant Defaults**

Should any event of default under this Ground Lease occur, and not be cured within the applicable cure period, the Landlord shall not terminate this Ground Lease nor exercise any other remedy hereunder unless it first gives written notice of such event of default to Lender; and

(i) If such event of default is a failure to pay a monetary obligation of Tenant, Lender shall have failed to cure such default within sixty (60) days from the date of written notice from the Landlord to Lender; or

(ii) If such event of default is not a failure to pay a monetary obligation of Tenant, Lender shall have failed, within sixty (60) days of receipt of said written notice, either (a) to remedy such default; or (b) to obtain title to Tenant's interest in the Site in lieu of foreclosure; or (c) to commence foreclosure or other appropriate proceedings in the nature thereof (including the appointment of a receiver) and thereafter diligently prosecute such proceedings to completion, in which case such event of default shall be remedied or deemed remedied in accordance with Article 26.04 below.

All rights of the Landlord to terminate this Ground Lease as the result of the occurrence of any such event of default shall be subject to, and conditioned upon, the Landlord having first given Lender written notice of such event of default and Lender having failed to remedy such default or acquire Tenant's Leasehold Estate created hereby or commence foreclosure or other appropriate proceedings in the nature thereof as set forth in and within the time specified by this

Section 26.03, and upon the Permitted Limited Partners having failed to proceed as permitted under Sections 19.02(b) or 26.06(iv).

#### **26.04 Default Which Cannot be Remedied by Lender**

Any event of default under this Ground Lease which in the nature thereof cannot be remedied by Lender shall be deemed to be remedied if (i) within sixty (60) days after receiving notice from the Landlord setting forth the nature of such event of default, or prior thereto, Lender shall have acquired Tenant's Leasehold Estate created hereby or shall have commenced foreclosure or other appropriate proceedings in the nature thereof, (ii) Lender shall diligently prosecute any such proceedings to completion, (iii) Lender shall have fully cured any event of default arising from failure to pay or perform any monetary obligation in accordance with the terms of this Ground Lease, and (iv) after gaining possession of the Improvements, Lender shall diligently proceed to perform all other obligations of Tenant as and when the same are due in accordance with the terms of this Ground Lease.

#### **26.05 Court Action Preventing Lender's Action**

If Lender is prohibited by any process or injunction issued by any court or by reason of any action by any court having jurisdiction of any bankruptcy or insolvency proceeding involving Tenant from commencing or prosecuting foreclosure or other appropriate proceedings in the nature thereof, the times specified in Sections 26.03 and 26.04 above for commencing or prosecuting such foreclosure or other proceedings shall be extended for the period of such prohibition. If this Ground Lease is terminated or rejected by Tenant in bankruptcy, the Landlord agrees to enter into a new ground lease with the Lender on the same terms set forth in this Ground Lease. For purposes of this Article, if there is more than one Lender, the Landlord will offer the new lease to each lender in order of priority until accepted.

#### **26.06 Lender's Rights to Record, Foreclose and Assign**

The Landlord hereby agrees with respect to any Leasehold Mortgage, that

(a) the Lender may cause same to be recorded and enforced, and upon foreclosure, sell and assign the Leasehold Estate created hereby to an assignee from whom it may accept a purchase price; subject, however, to Lender's first securing written approval from Landlord, which approval shall not be unreasonably withheld, and if the Subsequent Owner has elected to maintain the use restrictions of Article 9, said Subsequent Owner shall be controlled by a California nonprofit public benefit corporation exempt from tax under Section 501(c)(3) of the Internal Revenue Code such that the Premises receive an exemption from state property taxes as provided under Section 214 of the California Revenue and Taxation Code. Lender, furthermore, may acquire title to the Leasehold Estate in any lawful way, and if the Lender shall become the assignee, may sell and assign said Leasehold Estate subject to Landlord's prior written approval, which shall not be unreasonably withheld, and to the Landlord's rights under Article 25; and

(b) should the Lender acquire the Leasehold Estate hereunder by foreclosure or other appropriate proceedings in the nature of foreclosure or as the result of any other action or remedy provided for by any Leasehold Mortgage, or should Lender sell or assign the same to an Landlord approved purchaser or assignee, Lender or its purchaser or assignee shall take said Leasehold Estate subject to all of the provisions of this Ground Lease, and shall, so long as and only so long as it shall be the owner of such estate, except as provided elsewhere in this Ground Lease, assume all of the obligations of Tenant under this Ground Lease; provided, however, the Lender or its purchaser or assignee may operate and maintain the sixty (60) Residential Units without any limitations on the rents charged or the income of the occupants thereof. Lender shall be responsible for only those matters which occur during Lender's period of ownership of the Leasehold Estate.

(c) the Landlord shall mail or deliver to any Lender which has an outstanding Leasehold Mortgage a duplicate copy of all notices which the Landlord may from time to time give to Tenant pursuant to this Ground Lease.

(d) any Permitted Limited Partners of Tenant shall have the same rights as any Lender under Sections 26.02, 26.03, and 26.06 (c), and any reference to a Lender in said section shall be deemed to include such limited partners; provided, however, that the rights of such limited partners shall be subordinate to the rights of any Lender.

**26.07 Ground Lease Rent After Lender Foreclosure or Assignment**

From and after the time that the Subsequent Owner acquires title to the Leasehold Estate, Annual Rent shall be set as follows:

(a) Any accrued Annual Rent at the time of foreclosure shall be forgiven by the Landlord, and shall not remain an obligation of the Lender, its assignee, or the Subsequent Owner. Subsequent to foreclosure, if the Lender continues to operate the Project subject to the use and occupancy restrictions of Section 9.02, then Annual Rent otherwise due may, at the option of the Lender, be deferred until such time as the Project is no longer operated by the Lender subject to such restrictions. All deferred Annual Rent shall accrue, with simple interest at six percent (6%) per annum until paid, and shall be due and payable upon sale or assignment of the Project by Lender or within sixty (60) days after Lender ceases to operate the Project in accordance with such restrictions.

(b) If the Subsequent Owner exercises its rights under Section 26.06(b) to operate the Project without being subject to Section 9.02, Annual Rent shall be set at the then fair market rental value taking into account any affordability restrictions agreed to by the Subsequent Owner, if any, and the Base Rent shall be increased to the new fair market rent pursuant to Section 26.07(b) and the provisions of Section 6.02(h) shall be suspended; provided, however, that the Landlord shall be entitled to reduce the updated Annual Rent, calculated as described above, by any dollar amount (but not below zero) in its sole discretion and, in such case, the Subsequent Owner will be required to reduce rent charged to tenants on a dollar for dollar basis, with respect to such aggregate units occupied by Very Low Income

Households as the Landlord and the Subsequent Owner shall agree. The fair market rental value shall be determined by a jointly-commissioned appraisal (instructions prepared jointly by the Subsequent Owner and the Landlord, with each party paying one half of the appraiser's fee) that will include a market land valuation, as well as a market land lease rent level. Absent a market land lease rent determination, the Annual Rent will be set at an amount equal to ten percent (10%) of the then appraised market land value. If the parties cannot agree on the joint appraisal instructions, either party may invoke a neutral third-party process to set the Annual Rent at fair market rent in accordance with the then-prevailing practice for resolving similar rent determination disputes in Los Angeles County or, in the event that there is no then-prevailing practice, in accordance with the rules of the American Arbitration Association. Provided, however, that after the neutral third party process, the Lender, in its sole discretion may rescind its written notification of intent to not comply with Section 9.02 of this Ground Lease.

#### **26.08 Permitted Uses After Lender Foreclosure**

Notwithstanding the above, in the event of a foreclosure and transfer to a Subsequent Owner, the Site shall be operated in accordance with the uses specified in the building permit with all addenda, as approved by the Landlord.

#### **26.09 Amendment**

From the date of this Ground Lease through the 15-year tax credit compliance period, neither Article 19 or 20, nor Sections 26.02, 26.03, 26.06 shall be amended without the written consent of Permitted Limited Partner.

### **ARTICLE 27: CONDEMNATION AND TAKINGS**

#### **27.01 Parties' Rights and Obligations to be Governed by Agreement**

If, during the term of this Ground Lease, there is any condemnation of all or any part of the Site or any interest in the Leasehold Estate is taken by condemnation, the rights and obligations of the parties shall be determined pursuant to this Article 27, subject to the rights of any Lender.

#### **27.02 Total Taking**

If the Site is totally taken by condemnation, this Ground Lease shall terminate on the date the condemnor has the right to possession of the Site.

#### **27.03 Partial Taking**

If any portion of the Site is taken by condemnation, this Ground Lease shall remain in effect, except that Tenant may, with Lender's written consent, elect to terminate this Ground Lease if, in Tenant's reasonable judgment, the remaining portion of the Improvements is rendered unsuitable for Tenant's continued use of the Site. If Tenant elects to terminate this Ground Lease, Tenant must exercise its right to terminate pursuant to this paragraph by giving notice to the Landlord within sixty (60) days after the Landlord notifies Tenant of the nature and the extent of the taking. If Tenant elects to terminate this Ground Lease as provided in this Section 27.03, Tenant also shall notify the Landlord of the date of termination, which date shall not be earlier than sixty (60) days nor later than six (6) months after Tenant has notified the Landlord of its election to terminate; except that this Ground Lease shall terminate on the date the condemnor has the right to possession of the Site if such date falls on a date before the date of termination as designated by Tenant. If Tenant does not terminate this Ground Lease within such sixty (60) day notice period, this Ground Lease shall continue in full force and effect.

#### **27.04 Effect on Rent**

If any portion of the Improvements is taken by condemnation and this Ground Lease remains in full force and effect, then on the date of taking the rent shall be reduced by an amount that is in the same ratio to the rent as the value of the area of the portion of the Improvements taken bears to the total value of the Improvements immediately before the date of the taking.

#### **27.05 Restoration of Improvements**

If there is a partial taking of the Improvements and this Ground Lease remains in full force and effect pursuant to Section 27.03, Tenant may, subject to the terms of the Leasehold Mortgage, use the proceeds of the taking to accomplish all necessary restoration to the Improvements, subject to the First Mortgage Lender's written approval.

#### **27.06 Award and Distribution**

Any compensation awarded, paid or received on a total or partial condemnation of the Site or threat of condemnation of the Site shall belong to and be distributed in the following order:

(a) First, to pay the balance due on any outstanding Leasehold Mortgages and other outstanding or unpaid obligations and/or liabilities, including but not limited to, trade accounts, taxes, payroll accruals and lease residuals, to the extent provided therein; and

(b) Second, to the Tenant in an amount equal to the actual equity invested by the Tenant.

#### **27.07 Payment to Lenders**

In the event the Improvements are subject to the lien of a Leasehold Mortgage on the date when any compensation resulting from a condemnation or threatened condemnation is to be paid to Tenant, such award shall be disposed of as provided in the Leasehold Mortgage.

#### **ARTICLE 28: ESTOPPEL CERTIFICATE**

The Landlord or Tenant, as the case may be, shall execute, acknowledge and deliver to the other and/or to Lender, promptly upon request, its certificate certifying (a) that this Ground Lease is unmodified and in full force and effect (or, if there have been modifications, that this Ground Lease is in full force and effect, as modified, and stating the modifications), (b) the dates, if any, to which rent has been paid, (c) whether there are then existing any charges, offsets or defenses against the enforcement by the Landlord or Tenant to be performed or observed and, if so, specifying the same, and (d) whether there are then existing any defaults by Tenant or the Landlord in the performance or observance by Tenant or the Landlord of any agreement, covenant or condition hereof on the part of Tenant or the Landlord to be performed or observed and whether any notice has been given to Tenant or the Landlord of any default which has not been cured and, if so, specifying the same.

#### **ARTICLE 29: QUITCLAIM**

Upon expiration or sooner termination of this Ground Lease, Tenant shall surrender the Site to the Landlord and, at the Landlord's request, shall execute, acknowledge, and deliver to the Landlord a good and sufficient quitclaim deed with respect to any interest of Tenant in the Site. Title to the Improvements shall vest automatically in the Landlord as provided in Article 13 herein.

#### **ARTICLE 30: NONDISCRIMINATION**

There shall be no discrimination against or segregation of any person, or group of persons, on account of race, color, creed, religion, sex, marital status, national origin, or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Site, nor shall Tenant itself or any person claiming under or through it establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees of the Site



or any portion thereof. The nondiscrimination and nonsegregation covenants set forth herein shall remain in effect in perpetuity.

Tenant shall refrain from restricting the rental, sale or lease of the Site or any portion thereof on the basis of race, color, creed, religion, sex, marital status, national origin, or ancestry of any person. All such deeds, leases or contracts shall contain or be subject to substantially the following nondiscrimination or nonsegregation clauses:

a. In deeds: "The grantee herein covenants by and for himself or herself, and his or her heirs, executors, administrators and assigns, and all persons claiming under or through them, that there shall be no discrimination against or segregation of, any person or group of persons on account of race, color, creed, religion, sex, marital status, national origin, or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the land herein conveyed, nor shall the grantee or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees in the land herein conveyed. The foregoing covenants shall run with the land."

b. In leases: "The lessee herein covenants by and for himself or herself, and his or her heirs, executors, administrators and assigns, and all persons claiming under or through him or her, and this lease is made and accepted upon and subject to the following conditions: That there shall be no discrimination against or segregation of any person or group of persons, on account of race, color, creed, religion, sex, marital status, national origin, or ancestry, in the leasing, subleasing, transferring, use, occupancy, tenure, or enjoyment of the land herein leased nor shall the lessee himself or herself, or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy, of tenants, lessees, sublessees, subtenants, or vendees in the land herein leased."

c. In contracts: "There shall be no discrimination against or segregation of any person or group of persons, on account of race, color, creed, religion, sex, marital status, national origin, or ancestry, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the premises, nor shall the parties to this contract or any person claiming under or through them, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy of tenants, lessees, subtenants, sublessees, or vendees of the premises."

Nothing in this Paragraph shall be construed or understood to limit, restrict or in any way waive the income requirements described in the Loan Documents.

**ARTICLE 31: COMMISSION REQUIREMENTS**

Tenant agrees to comply with the requirements of the Commission as set forth on Attachment 6.

**ARTICLE 32: HOME PROGRAM AND FEDERAL REQUIREMENTS**

Tenant agrees to comply with the requirements of the HOME Program and Federal Requirements as set forth on Attachment 8.

**ARTICLE 33: INTENTIONALLY LEFT BLANK**

**ARTICLE 34: CONFLICT OF INTEREST**

No commissioner, official, or employee of the Landlord shall have any personal or financial interest, direct or indirect, in this Ground Lease, nor shall any such commissioner, official, or employee participate in any decision relating to this Ground Lease which affects his or her personal interests or the interests of any corporation, partnership, or association in which he or she is directly or indirectly interested.

**ARTICLE 35: NO PERSONAL LIABILITY**

No commissioner, official, or employee of the Landlord shall be personally liable to Tenant or any successor in interest in the event of any default or breach by the Landlord or for

any amount which may become due to Tenant or its successors or on any obligations under the terms of this Ground Lease.

#### **ARTICLE 36: ENERGY CONSERVATION**

Tenant agrees that it will use its best efforts to maximize provision of, and incorporation of, both energy conservation techniques and systems and improved waste-handling methodology in the construction of the Improvements.

#### **ARTICLE 37: WAIVER**

The waiver by the Landlord or Tenant of any term, covenant, agreement or condition herein contained shall not be deemed to be a waiver of any subsequent breach of the same or any other term, covenant, agreement or condition herein contained, nor shall any custom or practice which may grow up between the parties in the administration of the terms hereof be construed to waive or to lessen the right of the Landlord or Tenant to insist upon the performance by the other in strict accordance with the said terms. The subsequent acceptance of rent or any other sum of money hereunder by the Landlord shall not be deemed to be a waiver of any preceding breach by Tenant of any term, covenant, agreement or condition of this Ground Lease, other than the failure of Tenant to pay the particular rent or other sum so accepted, regardless of the Landlord's knowledge of such preceding breach at the time of acceptance of such rent or other sum.

#### **ARTICLE 38: TENANT RECORDS**

Upon reasonable notice during normal business hours, and as often as the Landlord may deem necessary, there shall be made available to the Landlord and its authorized representatives for examination all records, reports, data and information made or kept by Tenant regarding its activities or operations on the Site. Nothing contained herein shall entitle the Landlord to inspect personal histories of residents or lists of donors or supporters. To the extent that it is permitted by law to do so, the Landlord will respect the confidentiality

requirements of Tenant in regard to the lists furnished by Tenant pursuant to Article 7 hereof, of the names of occupants of the Site.

**ARTICLE 39: NOTICES AND CONSENTS**

All notices, demands, consents or approvals which may be or are required to be given by either party to the other hereunder shall be in writing and shall be deemed to have been fully given when delivered in person to such representatives of Tenant and the Landlord as shall from time to time be designated by the parties for the receipt of notices, or when deposited in the United States mail, certified, postage prepaid, or by express delivery service with a delivery receipt and addressed

if to Tenant at: Woods Family Housing Partners, L.P.  
9065 Haven Avenue, Suite 100  
Rancho Cucamonga, CA 91730  
Attn: President

With a copy to: The Southern California Housing Development Corporation  
of Los Angeles  
9065 Haven Avenue, Suite 100  
Rancho Cucamonga, CA 91730  
Attn: \_\_\_\_\_  
Fax No. \_\_\_\_\_

With a copy to: TAX CREDIT INVESTOR  
XXXXX  
XXXXX  
Attn: Asset Management

if to Landlord at: Community Development Commission of the County of  
Los Angeles  
Two Coral Circle  
Monterey Park, California 91755-7425  
Attn: Executive Director  
Fax No. (323) 890-8576

or to such other address with respect to either party as that party may from time to time designate by notice to the other given pursuant to the provisions of this Article 39. Any notice given pursuant to this Article 39 shall be effective on the date of delivery or the date delivery is refused as shown on the delivery receipt.

#### **ARTICLE 40: COMPLETE AGREEMENT**

There are no oral agreements between Tenant and the Landlord affecting this Ground Lease, and this Ground Lease supersedes and cancels any and all previous negotiations, arrangements, agreements and understandings between Tenant and the Landlord with respect to the lease of the Site.

#### **ARTICLE 41: HEADINGS**

Any titles of the several parts and sections of this Ground Lease are inserted for convenience of reference only and shall be disregarded in construing or interpreting any of its provisions. "Paragraph" and "section" may be used interchangeably.

#### **ARTICLE 42: SUCCESSORS AND ASSIGNS**

This Ground Lease shall be binding upon and inure to the benefit of the successors and assigns of the Landlord and Tenant and where the term "Tenant" or "Landlord" is used in this Ground Lease, it shall mean and include their respective successors and assigns; provided, however, that the Landlord shall have no obligation under this Ground Lease to, nor shall any benefit of this Ground Lease accrue to, any unapproved successor or assign of Tenant where Landlord approval of a successor or assign is required by this Ground Lease. At such time as Landlord sells the Site to its successors or assigns, Landlord shall require its successor or assigns to assume all of Landlord's obligations hereunder arising on and after the transfer in writing for the benefit of Tenant and its successors and assigns.

#### **ARTICLE 43: TIME**

Time is of the essence in the enforcement of the terms and conditions of this Ground Lease.

#### **ARTICLE 44: PARTIAL INVALIDITY**

If any provisions of this Ground Lease shall be determined to be illegal or unenforceable, such determination shall not affect any other provision of this Ground Lease and all such other provisions shall remain in full force and effect.

**ARTICLE 45: APPLICABLE LAW**

This Ground Lease shall be governed by and construed pursuant to the laws of the State of California.

**ARTICLE 46: RESERVED**

**ARTICLE 47: EXECUTION IN COUNTERPARTS**

This Ground Lease and any memorandum hereof may be executed in counterparts, each of which shall be considered an original, and all of which shall constitute one and the same instrument.

**ARTICLE 48: RECORDATION OF MEMORANDUM OF GROUND LEASE**

This Ground Lease shall not be recorded, but a memorandum of this Ground Lease shall be recorded. The parties shall execute the memorandum in form and substance as required by a title insurance company insuring Tenant's leasehold estate or the interest of any Leasehold Mortgagee, and sufficient to give constructive notice of the Ground Lease to subsequent purchasers and mortgagees.

**ARTICLE 49: ATTACHMENTS**

The following are attached to this Ground Lease and by this reference made a part hereof:

1. Legal Description of Site
2. Intentionally Omitted
3. Schedule of Performance
4. Commission Consent of Leasehold Mortgage
5. Intentionally Left Blank
6. Commission Requirements
7. Intentionally Omitted
8. HOME Program and Federal Requirements

IN WITNESS WHEREOF, the Parties have executed this Ground Lease as of the date and year first above written.

**TENANT:**

**WOODS FAMILY HOUSING PARTNERS, L.P.,**  
**a California Limited Partnership**

**By: The Southern California Housing Development Corporation of Los Angeles**  
**Its Managing General Partner**

By: \_\_\_\_\_  
Richard J. Whittingham

Its: Chief Financial Officer

**LANDLORD:**

**COMMUNITY DEVELOPMENT COMMISSION**  
**OF THE COUNTY OF LOS ANGELES**  
a public body corporate and politic

By: \_\_\_\_\_  
CARLOS JACKSON  
Executive Director

**APPROVED AS TO FORM:**

By: \_\_\_\_\_  
Raymond G. Fortner, Jr.  
County Counsel

LOTS 169, 170, 171, 172, 173, 174, 175 AND 176 IN TRACT NO. 10665, IN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 164 PAGES 9 TO 12 INCLUSIVE OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPTING THEREFROM LOTS 169, 170, 171 AND 172 ALL MINERALS, GAS, OIL, PETROLEUM, NAPHTHA AND OTHER HYDROCARBON SUBSTANCES IN AND UNDER THE ABOVE DESCRIBED PROPERTY, TOGETHER WITH ALL NECESSARY AND CONVENIENT RIGHTS TO EXPLORE FOR, DEVELOP, PRODUCE, EXTRACT AND TAKE THE SAME, INCLUDING THE EXCLUSIVE RIGHT TO DIRECTIONALLY DRILL INTO AND THROUGH SAID LAND FROM OTHER LANDS AND INTO THE SUBSURFACE OF OTHER LANDS, SUBJECT TO THE EXPRESS LIMITATION THAT ANY AND ALL OPERATIONS FOR THE EXPLORATION, DEVELOPMENT, PRODUCTION, EXTRACTION, AND TAKING OF ANY OF SAID SUBSTANCES SHALL BE CARRIED ON AT LEVELS BELOW THE DEPTH OF 500 FEET FROM THE SURFACE OF THE ABOVE DESCRIBED PROPERTY, BY MEANS OF MINES, WELLS, DERRICKS, AND/OR OTHER EQUIPMENT FROM SURFACE LOCATIONS ON ADJOINING OR NEIGHBORING LAND LYING OUTSIDE OF THE ABOVE DESCRIBED PROPERTY, AND SUBJECT FURTHER TO THE EXPRESS LIMITATION THAT THE FOREGOING RESERVATION SHALL IN NO WAY BE INTERPRETED TO INCLUDE ANY RIGHT OF ENTRY IN AND UPON THE SURFACE OF THE ABOVE DESCRIBED STRIP OF LAND, AS WAS RESERVED BY WELLS FARGO BANK AMERICAN TRUST COMPANY, A CORPORATION, ET AL, IN DEED RECORDED MARCH 1, 1961 AS INSTRUMENT NO. 4239, IN BOOK D-1140 PAGE 258, OFFICIAL RECORDS, AND AS RESERVED BY EDWARD HELLMAN HELLER, ET AL., IN DEED RECORDED AUGUST 24, 1961 AS INSTRUMENT NO. 1747, IN BOOK D-1332 PAGE 594, OFFICIAL RECORDS.



## Schedule of Performance

**Project Name:** 3rd & Woods Family

Scheduled Date  
(Indicate Month/Year)

Actual Date  
(Indicate Month/Year)

### SITE

\_\_\_\_/\_\_\_\_/\_\_\_\_  
\_\_\_\_/\_\_\_\_/\_\_\_\_

Phase 1 or 2 Environmental Site Assessment Completed  
Site Acquired

Jun-07  
Jun-07

### LOCAL PERMITS/APPROVALS

\_\_\_\_/\_\_\_\_/\_\_\_\_  
\_\_\_\_/\_\_\_\_/\_\_\_\_  
Jul-08  
Dec-08  
Dec-08  
Jul-08

Conditional Use Permit  
Variance  
Site Plan Review (ADMIN - MIXED USE ORDINANCE)  
Grading Permit  
Building Permit  
Density Bonus (ADMIN - DENSITY BONUS ORDINANCE)

\_\_\_\_/\_\_\_\_/\_\_\_\_  
\_\_\_\_/\_\_\_\_/\_\_\_\_  
\_\_\_\_/\_\_\_\_/\_\_\_\_  
\_\_\_\_/\_\_\_\_/\_\_\_\_  
\_\_\_\_/\_\_\_\_/\_\_\_\_

### CONSTRUCTION FINANCING

List each lender/source of funding and dates of enforceable commitments or awards

\_\_\_\_/\_\_\_\_/\_\_\_\_  
\_\_\_\_/\_\_\_\_/\_\_\_\_  
\_\_\_\_/\_\_\_\_/\_\_\_\_  
\_\_\_\_/\_\_\_\_/\_\_\_\_  
\_\_\_\_/\_\_\_\_/\_\_\_\_

1. Washington Mutual Bank  
2. Los Angeles County CDC - HOME Reservation  
3. Los Angeles County Housing Authority INDUSTRY  
4. National Community Renaissance - Commercial Loan  
5. Hudson Housing Capital - Equity

Mar-08  
May-08  
May-08  
Mar-08  
Mar-08

### PERMANENT FINANCING

List each lender/source of funding and dates of enforceable commitments or awards

\_\_\_\_/\_\_\_\_/\_\_\_\_  
\_\_\_\_/\_\_\_\_/\_\_\_\_  
\_\_\_\_/\_\_\_\_/\_\_\_\_  
\_\_\_\_/\_\_\_\_/\_\_\_\_  
\_\_\_\_/\_\_\_\_/\_\_\_\_

1. Washington Mutual Bank  
2. Los Angeles County CDC - HOME Reservation  
3. Los Angeles County Housing Authority INDUSTRY  
4. National Community Renaissance - Commercial Loan  
5. Hudson Housing Capital - Equity

Mar-08  
May-08  
May-08  
Mar-08  
Mar-08

### LOAN CLOSING

Dec-08  
Jan-09  
Mar-10  
Jun-10  
Jun-10  
Jun-10

Construction Loan Closing  
Construction Start  
Construction Complete  
TCAC Placed In Service Application  
Occupancy of All Assisted Units  
TOD Permanent Loan Closing

\_\_\_\_/\_\_\_\_/\_\_\_\_  
\_\_\_\_/\_\_\_\_/\_\_\_\_  
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\_\_\_\_/\_\_\_\_/\_\_\_\_

**Attachment 4**

**Landlord Consent to Leasehold Mortgage**

Per Section 25.01 of the Ground Lease dated \_\_\_\_\_ between Landlord and Woods Family Housing Partners, L.P. as Tenant, Landlord hereby consents to the following Leasehold Mortgage (as defined in the Ground Lease):

Lender: \_\_\_\_\_

Loan Amount: \_\_\_\_\_

Use of Funds: \_\_\_\_\_

Section 25.01 of the Ground Lease further states that "Leasehold Mortgages are permitted to be placed upon the Leasehold Estate only for the purpose of securing loans of funds to be used for financing the acquisition, design, renovation or construction of the Improvements and any other expenditures reasonably necessary and appropriate to acquire, own, develop, renovate, or construct the Improvements under this Ground Lease and in connection with the operation of the Improvements, and costs and expenses incurred or to be incurred by Tenant in furtherance of the purposes of this Ground Lease."

**LANDLORD:**

**COMMUNITY DEVELOPMENT COMMISSION  
OF THE COUNTY OF LOS ANGELES**  
a public body corporate and politic

By: \_\_\_\_\_  
CARLOS JACKSON  
Executive Director

## COMMISSION REQUIREMENTS

The Borrower agrees to comply with the following Commission requirements:

1. Termination for Improper Consideration

Commission may, by written notice to the Borrower, immediately terminate the right of the Borrower to proceed under this Agreement if it is found that consideration, in any form, was offered or given by Borrower, either directly or through an intermediary, to any Commission officer, employee or agent with the intent of securing this Agreement or securing favorable treatment with respect to the award, amendment or extension of this Agreement or the making of any determinations with respect to the Borrower's performance pursuant to this Agreement. In the event of such termination, Commission shall be entitled to pursue the same remedies against the Borrower as it could pursue in the event of default by the Borrower.

The Borrower shall immediately report any attempt by a Commission officer or employee to solicit such improper consideration. The report shall be made either to Commission's Executive Director or his designee.

Among other items, such improper consideration may take the form of cash, discounts, service, the provision of travel or entertainment, or tangible gifts.

2. Confidentiality of Reports

The Borrower shall keep confidential all reports, information and data received, prepared or assembled pursuant to performance hereunder. Such information shall not be made available to any person, firm, corporation or entity without the prior written consent of Commission.

3. Commission's Quality Assurance Plan

Commission will evaluate Borrower's performance under this Agreement on not less than an annual basis. Such evaluation will include assessing Borrower's compliance with all contract terms and performance standards. Borrower deficiencies which Commission determines are severe or continuing and that may place performance of the Agreement in jeopardy, if not corrected, will be reported to the Board of Commissioners. The report will include improvement/corrective action measures taken by Commission and Borrower. If improvement does not occur consistent with the corrective measure, Commission may terminate this Agreement or seek other remedies as specified in this Agreement.

4. Borrower's Warranty of Adherence to Commission's Child Support Compliance Program

Borrower acknowledges that the Commission has established a goal of ensuring that all individuals who benefit financially from the Commission through contract are in compliance with their court-ordered child, family and spousal support obligations, in order to mitigate the economic burden otherwise imposed upon the taxpayers of the County of Los Angeles County.

As required by the Commission's Child Support Compliance Program and without limiting Borrower's duty under this Agreement to comply with all applicable provisions of law, Borrower warrants that it is now in compliance and shall during the term of this Agreement maintain compliance with employment and wage reporting requirements as required by the Federal Social Security Act (42 USC Section 653a) and California Unemployment Insurance Code Section 1088.5, and shall implement all lawfully served Wage and Earnings Withholding Orders or District Attorney Notices of Wage and Earnings Assignment for Child or Spousal Support, pursuant to Code of Civil Procedure Section 706.031 and Family Code Section 5246(b).

5. Termination For Breach of Warranty to Maintain Compliance With Commission's Child Support Compliance Program

Failure of Borrower to maintain compliance with the requirements set forth in Paragraph 4, "Borrower's Warranty of Adherence to Commission's Child Support Compliance Program" shall constitute a default by Borrower under this Agreement. Without limiting the rights and remedies available to the Commission under any other provision of this Agreement, failure to cure such default within 90 calendar days of written notice shall be grounds upon which the Commission may terminate this Agreement pursuant to said paragraph 4 and pursue debarment of Borrower, pursuant to Commission policy.

6. Post Most Wanted Delinquent Parents List

Borrower acknowledges that the County places a high priority on the enforcement of child support laws and the apprehension of child support evaders. Borrower understands that it is County's and Commission's policy to strongly encourage all Borrowers to voluntarily post an entitled "L.A.'s Most Wanted: Delinquent Parents" poster in a prominent position at Contractor's place of business. The Child Support Services Department (CSSD) will supply Borrower with the poster to be used.

7. Independent Contractor

This Agreement does not, is not intended to, nor shall it be construed to create the relationship of agent, employee or joint venture between the Commission and the Borrower.

8. Drug-Free Workplace Act of the State of California

Borrower certifies under penalty of perjury under the laws of the State of California that the Borrower will comply with the requirements of the Drug-Free Workplace Act of 1990.

9. Compliance with Laws

The Borrower agrees to be bound by applicable federal, state and local laws, regulations, and directives as they pertain to the performance of this Agreement. If the compensation under this Agreement is in excess of \$100,000 then Borrower shall comply with applicable standards, orders, or requirements issued under section 306 of the Clean Air Act (42 U.S.C. 18579h), section 508 of the Clean Water Act (33 U.S.C. 1368), Executive Order 11738, and Environmental Protection Agency Regulations (40 CFR part 15).

The Borrower must obtain and present all relevant state and local insurance, training and licensing pursuant to services required within this Agreement.

Borrower shall comply with the following laws:

10. Civil Rights Act of 1964, Title VI (Non-discrimination in Federally Assisted Programs)

Borrower shall comply with the Civil Rights Act of 1964 Title VI which provides that no person shall, on the grounds of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving federal financial assistance.

11. Section 109 of the Housing and Community Development Act of 1974

Borrower shall comply with Section 109 of the Housing and Community Development Act of 1974 which states that no person in the United States shall, on the grounds of race, color, national origin, or sex be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity funded in whole or in part with funds made available under this title.

12. Age Discrimination Act of 1975 and Section 504 of the Rehabilitation Act of 1973

Borrower shall comply with the Age Discrimination Act of 1975 and section 504 of the Rehabilitation Act of 1973, which require that no person in the United States shall be excluded from participating in, denied the benefits of, or subject to discrimination under this Agreement on the basis of age or with respect to an otherwise qualified disabled individual.

13. Executive Order 11246 and 11375, Equal Opportunity in Employment (Non-discrimination in Employment by Government Contractors and Subcontractors)

Borrower shall comply with Executive Order 11246 and 11375, Equal Opportunity in Employment which requires that during the performance of this Agreement, the Borrower will not discriminate against any employee or applicant for employment because of race, color, religion, sex, national origin, age, ancestry, marital status, or disability. The Borrower will take affirmative action to ensure that applicants are employed, and that employees are treated fairly during employment, without regard to their race, color, religion, sex or national origin. Such action shall include, but not be limited to the following: employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The Borrower agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the contracting officer setting forth the provisions of the non-discrimination clause.

The Borrower will, in all solicitations or advertisements for employees placed by or on behalf of the Borrower, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex or national origin.

The Borrower will send to each labor union or representative of workers with which he has a collective bargaining Agreement or other contract or understanding, a notice to be provided by the agency of the Borrower's commitments under Section 202 of Executive Order No. 11246 of September 24, 1965, and shall post copies of the notice in conspicuous places available to employees and applicants for employment. The Borrower will comply with all provisions of Executive Order No. 11246 of September 24, 1965, and of the rules, regulations and relevant orders of the Secretary of Labor.

The Borrower will furnish all information and reports required by the Executive Order and by the rules, regulations and orders of the Secretary of Labor, or pursuant thereto, and will permit access to its books, records, and accounts by Commission and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations and orders.

In the event of Borrower's noncompliance with the non-discrimination clauses of this Agreement or with any of such rules, regulations or orders, this Agreement may be canceled, terminated or suspended in whole or in part and the Borrower may be declared ineligible for further Government contracts in accordance with procedures authorized in the Executive Orders and such other sanctions may be imposed and remedies invoked as provided in the Executive Order or by rule, regulation or order of the Secretary of Labor, or as otherwise provided by law.

The Borrower will include the provisions of these paragraphs in every subcontract or purchase order unless exempted by rules, regulations, or orders of the Secretary of Labor issued pursuant to Section 204 of the Executive Order No. 11246 of

September 24, 1965, that such provisions will be binding upon each subcontractor or vendor. The Borrower will take such actions with respect to any subcontract or purchase order as Commission may direct as a means of enforcing such provisions including sanctions for noncompliance, provided however, that in the event the Borrower becomes involved in, or is threatened with litigation by a subcontractor or vendor as a result of such direction by Commission, the Borrower may request the United States to enter into such litigation to protect the interests of the United States.

14. Notice to Employees Regarding the Federal Earned Income Credit

Borrower shall notify its employees, and shall require each subcontractor to notify its employees, that they may be eligible for the Federal Earned Income Credit under the federal income tax laws. Such notice shall be provided in accordance with the requirements set forth in Internal Revenue Service Notice 1015.

15. Use of Recycled-Content Paper Products

Borrower agrees to use recycled-content paper to the maximum extent possible on the Project in order to reduce the amount of solid waste deposited at the County landfills.

16. Borrower Responsibility and Debarment

- A. A responsible Borrower is a Borrower who has demonstrated the attribute of trustworthiness, as well as quality, fitness, capacity and experience to satisfactorily perform the contract. It is the policy of the Commission to conduct business only with responsible Borrowers.
- B. The Borrower is hereby notified that if the Commission acquires information concerning the performance of the Borrower on this or other contracts which indicates that the Borrower is not responsible, the Commission may, in addition to other remedies provided in the contract, debar the Borrower from bidding on Commission contracts for a specified period of time not to exceed 3 years, and terminate any or all existing contracts the Borrower may have with the Commission.
- C. Commission may debar a Borrower if the Board of Commissioners finds, in its discretion, that the Borrower has done any of the following: (1) violated any term of a contract with the County, the Commission or the Housing Authority of the County of Los Angeles (HACOLA), (2) committed any act or omission which negatively reflects on the Borrower's quality, fitness or capacity to perform a contract with the County, the Commission or HACOLA or any other public entity, or engaged in a pattern or practice which negatively reflects on same, (3) committed an act or offense which indicates a lack of business integrity or

business honesty, or (4) made or submitted a false claim against the County, the Commission or HACOLA or any other public entity.

- D. If there is evidence that the Borrower may be subject to debarment, Commission will notify the Borrower in writing of the evidence which is the basis for the proposed debarment and will advise the Borrower of the scheduled date for a debarment hearing before the Contractor Hearing Board.
- E. The Contractor Hearing Board will conduct a hearing where evidence on the proposed debarment is presented. The Borrower and/or the Borrower's representative shall be given an opportunity to submit evidence at that hearing. After the hearing, the Contractor Hearing Board shall prepare a proposed decision, which shall contain a recommendation regarding whether the Borrower should be debarred, and, if so, the appropriate length of time of the debarment. If the Borrower fails to avail itself of the opportunity to submit evidence to the Contractor Hearing Board, the Borrower may be deemed to have waived all rights of appeal.
- F. After consideration of any objections, or if no objections are submitted, a record of the hearing, the proposed decision and any other recommendation of the Contract Hearing Board shall be presented to the Board of Commissioners. The Board of Commissioners shall have the right to modify, deny or adopt the proposed decision and recommendation of the Hearing Board.
- G. If a Borrower has been debarred for a period longer than five years, that Borrower may, after the debarment has been in effect for at least five years, submit a written request for review of the debarment determination to reduce the period of debarment or terminate the debarment. The Commission may, in its discretion, reduce the period of debarment or terminate the debarment if it finds that the Borrower has adequately demonstrated one or more of the following: (1) elimination of the grounds for which the debarment was imposed; (2) a bona fide change in ownership or management; (3) material evidence discovered after debarment was imposed; or (4) any other reason that is in the best interests of the Commission.
- H. The Contractor Hearing Board will consider a request for review of the debarment determination only where (1) the Borrower has been debarred for a period longer than five years; (2) the debarment has been in effect for at least five years; and (3) the request is in writing, states one or more of the ground for reduction of the debarment period or termination of the debarment, and includes supporting documentation. Upon receiving an appropriate request, the Contractor Hearing Board will provide notice of the hearing on the request. At the hearing, the Contractor Hearing Board



shall conduct a hearing where evidence on the proposed reduction of debarment period or termination of debarment is presented. This hearing shall be conducted and the request for review decided by the Contractor Hearing Board pursuant to the same procedures as for a debarment Hearing.

The Contractor Hearing Board's proposed decision shall contain a recommendation on the request to reduce the period of debarment or terminate the debarment. The Contractor Hearing Board shall present its proposed decision and recommendation to the Board of Commissioners. The Board of Commissioners shall have the right to modify, deny or adopt the proposed decision and recommendation of the Contractor Hearing Board.

- I. These terms shall also apply to subcontractors and subconsultants of County, HACOLA, or Commission contractors, consultants, vendors and agencies.

17. Section 3 of the Housing and Community Development Act of 1968, as Amended

- A. The work to be performed under this Agreement is subject to the requirements of Section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. 1701u (Section 3). The purpose of Section 3 is to ensure that employment and other economic opportunities generated by HUD assistance or HUD-assisted projects covered by Section 3, shall, to the greatest extent feasible, be directed to low-and very low-income persons, particularly persons who are recipients of HUD assistance for housing.
- B. The parties to this Agreement agree to comply with HUD's regulations in 24 CFR Part 135, which implement Section 3. As evidenced by their execution of this Agreement, the parties to this Agreement certify that they are under no contractual or other impediment that would prevent them from complying with the Part 135 regulations.
- C. The Borrower agrees to send to each labor organization or representative of workers with which the Borrower has a collective bargaining Agreement or other understanding, if any, a notice advising the labor organization or workers' representative of the Borrower's commitments under this Section 3 clause, and will post copies of the notice in conspicuous places at the work site where both employees and applicants for training and employment positions can see the notice. The notice shall describe the Section 3 preference, shall set forth minimum number and job titles subject to hire, availability of apprenticeship and training positions, the qualifications for each; and the name and location of the person(s) taking applications for each of the positions; and the anticipated date the work shall begin.

- D. The Borrower agrees to include this Section 3 clause in every subcontract subject to compliance with regulations in 24 CFR Part 135, and agrees to take appropriate action, as provided in an applicable provision of the subcontract or in this Section 3 clause, upon a finding that the subcontractor is in violation of the regulations in 24 CFR Part 135. The Borrower will not subcontract with any subcontractor where the Borrower has notice or knowledge that the subcontractor has been found in violation of the regulations in 24 CFR Part 135.
- E. The Borrower will certify that any vacant employment positions, including training positions, that are filled (1) after the Borrower is selected but before the Agreement is executed, and (2) with persons other than those to whom the regulations of 24 CFR part 135 require employment opportunities to be directed, were not filled to circumvent the Borrower's obligations under 24 CFR Part 135.
- F. Noncompliance with HUD's regulations in 24 CFR Part 135 may result in sanctions, termination of this Agreement for default, and debarment or suspension from future HUD assisted contracts.
- G. With respect to work performed in connection with Section 3 covered Indian housing assistance, section 7(b) of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450e) also applies to the work to be performed under this Agreement. Section 7(b) requires that to the greatest extent feasible (i) preference and opportunities for training and employment shall be given to Indians, and (ii) preference in the award of contracts and subcontracts shall be given to Indian organizations and Indian-owned Economic Enterprises. Parties to this Agreement that are subject to the provisions of Section 3 and section 7(b) agree to comply with Section 3 to the maximum extent feasible, but not in derogation of compliance with section 7(b).

18. Barriers For the Disabled

The Project shall be developed to comply with all applicable federal, state and local requirements for access for disabled persons.

19. Lead-Based Paint

Borrower and its contractors and subcontractors shall not use lead-based paint in construction or maintenance of the Project. Borrower shall cause this provision to be incorporated in all contracts and subcontracts for work performed on the Site which involve the application of paint.

20. Notice To Employees Regarding The Safely Surrendered Baby Law

Borrower shall notify and provide to its employees, and shall require each subcontractor to notify and provide to its employees, a fact sheet regarding the Safely Surrendered Baby Law, its implementation in Los Angeles County, and

where and how to safely surrender a baby. The fact sheet is set forth in Exhibit "U" of the acquisition loan agreement and is also available on the Internet at [www.babysafela.org](http://www.babysafela.org) for printing purposes.

21. Borrower's Acknowledgment of Commission's Commitment To The Safely Surrendered Baby Law

Borrower acknowledges that the Commission places a high priority on the implementation of the Safely Surrendered Baby Law. Borrower understands that it is the Commission's policy to encourage all Commission Borrowers to voluntarily post the "Safely Surrendered Baby Law" poster in a prominent position at the Borrower's place of business. Borrower will also encourage its Subcontractors, if any, to post this poster in a prominent position in the Subcontractor's place of business. The Department of Children and Family Services of the County of Los Angeles will supply Borrower with the poster to be used.

22. Lobbyist Ordinances

Federal Lobbyist Requirements: Borrower is prohibited by the Department of Interior and Related Agencies Appropriations Act, known as the Byrd Amendments, and HUD's 24 CFR Part 87, from using federally appropriated funds for the purpose of influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, loan or cooperative Agreement, and any extension, continuation, renewal, amendment or modification of said documents.

Borrower must certify in writing on the Federal Lobbyist Requirements Certification form that they are familiar with the Federal Lobbyist Requirements and that all persons and/or subcontractors acting on behalf of the Borrower will comply with the Lobbyist Requirements.

Failure on the part of the Borrower or persons/subcontractors acting on behalf of the Borrower to fully comply with the Federal Lobbyist Requirements may be subject to civil penalties.

23. Compliance With Jury Service Program.

- A. Unless Borrower has demonstrated to the Commission satisfaction either that Borrower is not a "Contractor" as defined under the Jury Service Program or that Borrower qualifies for an exception to the Jury Service Program, Borrower shall have and adhere to a written policy that provides that its Employees shall receive from the Borrower, on an annual basis, no less than five days of regular pay for actual jury service. The policy may provide that Employees deposit any fees

received for such jury service with the Borrower or that the Borrower deduct from the Employee's regular pay the fees received for jury service.

- B. For purposes of this Section, "Contractor" means a person, partnership, corporation or other entity which has a contract with the County or a subcontract with a County contractor and has received or will receive an aggregate sum of \$50,000 or more in any 12-month period under one or more County contracts or subcontracts. "Employee" means any California resident who is a full time employee of Borrower. "Full time" means 40 hours or more worked per week, or a lesser number of hours if: 1) the lesser number is a recognized industry standard as determined by the County, or 2) Borrower has a long-standing practice that defines the lesser number of hours as full-time. Full-time employees providing short-term, temporary services of 90 days or less within a 12-month period are not considered full-time for purposes of the Jury Service Program. If Borrower uses any subcontractor to perform services for the County under the Contract, the subcontractor shall also be subject to the provisions of this Section. The provisions of this Section shall be inserted into any such subcontract Contract and a copy of the Jury Service Program shall be attached to the Contract.
- C. If the Borrower is not required to comply with the Jury Service Program when the Contract commences, Borrower shall have a continuing obligation to review the applicability of its "exception status" from the Jury Service Program, and Borrower shall immediately notify County if Borrower at any time either comes within the Jury Service Program's definition of "Contractor" or if Borrower no longer qualifies for an exception to the Program. In either event, Borrower shall immediately implement a written policy consistent with the Jury Service Program. The County may also require, at any time during the Contract and at its sole discretion, that Borrower demonstrate to the County's satisfaction that Borrower either continues to remain outside of the Jury Service Program's definition of "Contractor" and/or that Borrower continues to qualify for an exception to the Program.
- D. Borrower's violation of this Section of the contract may constitute a material breach of the Contract. In the event of such material breach, County may, in its sole discretion, terminate the Contract and/or bar Borrower from the award of future County contracts for a period of time consistent with the seriousness of the breach.

24. Borrower's Charitable Activities Compliance

The Supervision of Trustees and Fundraisers For Charitable Purposes Act regulates entities receiving or raising charitable contributions. The "Nonprofit Integrity Act of 2004" (SB 1262, Chapter 919) increased Charitable Purposes Act requirements. By requiring Borrowers to complete the "Charitable Contributions Certificate" form included as Exhibit "V" of the acquisition loan agreement, the Commission seeks to ensure that all Commission borrowers that receive or raise

charitable contributions comply with California law in order to protect the Commission and its taxpayers. A Borrower that received or raises charitable contributions without complying with its obligations under California law commits a material breach subjecting it to either contract termination or debarment proceedings, or both.

## HOME PROGRAM REQUIREMENTS

### SUMMARY OF FEDERAL PROGRAM REQUIREMENTS

All developments which are assisted using HOME program funds must comply with all of the following federal laws, executive orders, and regulations pertaining to fair housing and equal opportunity, as set forth in 24 CFR part 5, subpart A.

Title VI of the Civil Rights Act of 1964, As Amended (42 U.S.C. 2000d) -- States that no person may be excluded from participation in, denied the benefits of, or subjected to discrimination under any program or activity receiving federal financial assistance on the basis of race, color, or national origin. Its implementing regulations may be found in 28 CFR Part 1.

Title VIII of the Civil Rights Act of 1968, As Amended "the Fair Housing Act" (42 U.S.C. 3601) -- Prohibits discrimination in the sale or rent of units in the private housing market against any person on the basis of race, color, religion, sex, national origin, familial status or handicap. Its implementing regulations may be found in 24 CFR Part 100-115.

Equal Opportunity in Housing (Executive Order 11063, As Amended by Executive Order 12259) -- Prohibits discrimination in housing or residential property financing related to any federally assisted activity against individuals on the basis of race, color, religion, sex or national origin. Implementing regulations may be found in 24 CFR part 107.

Age Discrimination Act of 1975, As Amended (42 U.S.C. 6101) -- Prohibits age discrimination in programs receiving federal financial assistance. Its implementing regulations may be found in 24 CFR Part 146.

Equal Employment Opportunity, Executive Order 11246, As Amended -- Prohibits discrimination against any employee or applicant for employment because of race, color, religion, sex, or national origin. Provisions to effectuate this prohibition must be included in all construction contracts exceeding \$10,000. Implementing regulations may be found at 41 CFR Part 60.

### HOME PROGRAM TENANT MONITORING

All HOME projects must comply with the HOME Program tenant monitoring procedures established by the Commission, pursuant to 24 CFR Part 92 Sections 252 and 253. New construction projects must comply for 20 years, and rehabilitation projects for 5, 10, or 15 years as set forth in the HOME Program regulations. After HOME Program requirements no longer apply, the Commission will continue monitor the projects for the full term of this agreement.

### HOME PROGRAM CHDO RECERTIFICATION

All Developers of projects that receive HOME funds as a Community Housing Development Organization (DHCO) must comply with the HOME Program CHDO recertification and monitoring procedures established by the Commission. New construction projects must comply for 20 years, and rehabilitation projects for 5, 10, or 15 years as set forth in the HOME Program regulations.

## **AFFIRMATIVE MARKETING**

Use of the Fair Housing logo, or equal opportunity language

A description of what the developer will do to affirmatively market housing assisted with HOME funds.

A description of what developer will do to inform persons not likely to apply for housing without special outreach.

Maintenance of records to document actions taken to affirmatively market HOME-assisted units and to assess marketing effectiveness.

Description of how efforts will be assessed and what corrective actions will be taken where requirements are not met.

## **CONFLICT OF INTEREST**

No owner, developer, or sponsor of a project assisted with HOME funds, or any officer, employee, agent, or consultant of such may occupy a HOME-assisted unit in the project, unless a waiver in writing is first obtained from the Commission. This provision does not apply to an employee or agent who occupies the unit as the project manager or maintenance worker.

## **SUMMARY OF FEDERAL PROGRAM REQUIREMENTS**

### **WHAT SECTION 504 REQUIRES**

HUD's Section 504 regulations require that a recipient of Federal financial assistance ensure that its program, when viewed in its entirety, is accessible to persons with disabilities. (24 CFR 8.20) In order to meet this obligation, participants in the HOME Program must:

- To the maximum extent feasible, distribute accessible units throughout the projects and sites, and make them available in a sufficient range of sizes and amenities so as not to limit choice.
- Adopt suitable means to assure that information regarding the availability of accessible units reaches eligible individuals with disabilities. They must also take reasonable nondiscriminatory steps to maximize use of such units by eligible individuals.

- When an accessible unit becomes vacant, before offering the unit to an individual without a disability, offer the unit: first, to a current occupant of the project requiring the accessibility feature; and second, to an eligible qualified applicant on the waiting list requiring the accessibility features.
- When an applicant or tenant requires an accessible feature or policy modification to accommodate a disability, a federally assisted provider must provide such feature or policy modification unless doing so would result in a fundamental alternation in the nature of its program or an undue financial and administrative burden. See 24 CFR 8.4, 8.24, and 8.33 for further requirements and guidance.
- Providers are required to ensure that information about their programs is disseminated in a manner that is accessible to persons with disabilities. For example, special communication systems can greatly increase the effectiveness of outreach and ongoing communication (e.g., Telecommunications Devices for the Deaf (TTY), materials on tape or in Braille).
- \* Providers must ensure that activities and meetings are conducted in accessible locations.

Participants in the HOME Program may:

- Ask applicants for information that can demonstrate that they can meet the obligations of tenancy including financial information, references, prior tenancy history, etc. However, housing providers may not inquire into the nature and severity of an applicant or tenant's disability, nor may they ask persons with disabilities questions not asked of all applicants, apply different types of screening criteria, or assess an applicant's ability to live independently.
- Ask if the applicant qualifies for a housing program or unit designed for persons with a disability, when the housing program or unit is designed for such persons.
- Consider including a lease provision that requires a non-disabled family occupying an accessible unit to move if a family with a disability needing that size unit applies and there is an appropriately sized non-accessible unit available for the relocating family.

All recipients and sub-recipients must conduct self-evaluations of compliance with Section 504.

COMMUNITY BUSINESS ENTERPRISE



Executive Orders 11625, 12432, and 12138 (Community Business Enterprise)

Developer must prescribe procedures acceptable to HUD for a minority outreach program to ensure the inclusion, to the maximum extent possible, of minorities and women and entities owned by minorities and women in all contracts. See 24 CFR 85.36(e) of which its appendices provide guidance from HUD on acceptable outreach practices.

#### SITE AND NEIGHBORHOOD STANDARDS

Housing provided through the HOME program must promote greater choice of housing opportunities. Specific rules are as follows:

HOME-provided housing must be suitable from the standpoint of facilitating and furthering full compliance with the Title VI of the Civil Rights Act - 1964, the Fair Housing Act, and Executive Order 11063.

# **EXHIBIT "I" TO LOAN AGREEMENT PROJECT DESCRIPTION**

(HOME LOAN - PROJECT NO. \_\_\_\_\_)  
(INDUSTRY LOAN - PROJECT NO. \_\_\_\_\_)

The Project consists of the development of a mixed-use apartment building with affordable family-sized units combined with Commercial Space (as defined below) in unincorporated East Los Angeles. The Site was initially purchased by Seller for the purposes of developing and owning long-term affordable family rental housing. The Site was purchased with an existing building in-place, which Borrower will demolish and subsequently construct an affordable apartment building of up to sixty (60) units to be owned and operated by the Borrower. The Project will also include up to three thousand (3,000) square feet of commercial space for a use to be determined at a later date, subject to approval by the Commission ("Commercial Space").

As part of this Agreement, the Commission will purchase the Site in Escrow and concurrently execute a Ground Lease with the Borrower for the Borrower to have full site control and responsibility for the development of the Project as described herein.

Seller will also acquire an additional parcel of land, approximately 1,500 square feet in size, located west of the Site and owned by the County of Los Angeles ("County.") This parcel, when acquired, will be conveyed to the Commission as outlined in Section 3 herein.

In addition, Borrower and the alley-adjacent property owners may reach an agreement to vacate the alley on the north side of the Site. If the alley vacation is successful, reciprocal easements and maintenance agreements will be executed between Borrower, alley-adjacent property owners and the Commission. The Borrower will be responsible for all aspects of the vacation process and ensure that the addition of land, which will result from a successful alley vacation process, will also be conveyed to the Commission. Further, the Borrower shall be responsible for all ongoing maintenance of the alley as long as the Ground Lease is in effect.

The western parcel referred to above, along with any land resulting from the alley vacation shall be referred to, collectively, as the "Site Additions" and are further discussed in Section 3 herein.

The Borrower agrees to expend its best efforts to obtain a vertical lot line adjustment (subdivision) for purposes of creating legal separation of the residential and Commercial Space.

The Project is being developed in proximity to public transit, and is located in an area that has been designated eligible for housing set-aside funds from the Los Angeles County Maravilla Redevelopment Area. Further, it is anticipated that this geographic area will be designated as a Transit Oriented District. The Borrower agrees to cooperate with the Commission to coordinate between State and local agencies in these efforts.

## **UNITS: Affordability Term: 55 years**

Household Income Level (% of Area Median Income)	2-BR units	3-BR units	TOTAL UNITS	Total HOME- Assisted Units	Total Industry- Assisted Units
Thirty Percent (30%)	3	3	6	6	6
Forty-Five Percent (45%)	4	5	9	9	9
Fifty Percent (50%)	23	21	44	44	44
Manager's Unit		1	1	0	0
<b>TOTAL</b>	<b>30</b>	<b>30</b>	<b>60</b>	<b>59</b>	<b>59</b>

**EXHIBIT "J" TO LOAN AGREEMENT  
SCHEDULE OF PERFORMANCE**

(HOME LOAN - PROJECT NO. \_\_\_\_\_)  
(INDUSTRY LOAN - PROJECT NO. \_\_\_\_\_)

(Please See Attached)

## Schedule of Performance

**Project Name:** 3rd & Woods Family

Scheduled Date  
(Indicate Month/Year)

Actual Date  
(Indicate Month/Year)

/	/	<b>SITE</b>	
		Phase 1 or 2 Environmental Site Assessment Completed	Jun-07
		Site Acquired	Jun-07

### LOCAL PERMITS/APPROVALS

/	/	Conditional Use Permit	/
		Variance	/
Jul-08		Site Plan Review (ADMIN - MIXED USE ORDINANCE)	/
Dec-08		Grading Permit	/
Dec-08		Building Permit	/
Jul-08		Density Bonus (ADMIN - DENSITY BONUS ORDINANCE)	/

### CONSTRUCTION FINANCING

List each lender/source of funding and dates of enforceable commitments or awards

/	/	1. Washington Mutual Bank	Mar-08
		2. Los Angeles County CDC - HOME Reservation	May-08
		3. Los Angeles County Housing Authority INDUSTRY	May-08
		4. National Community Renaissance - Commercial Loan	Mar-08
		5. Hudson Housing Capital - Equity	Mar-08

### PERMANENT FINANCING

List each lender/source of funding and dates of enforceable commitments or awards

/	/	1. Washington Mutual Bank	Mar-08
		2. Los Angeles County CDC - HOME Reservation	May-08
		3. Los Angeles County Housing Authority INDUSTRY	May-08
		4. National Community Renaissance - Commercial Loan	Mar-08
		5. Hudson Housing Capital - Equity	Mar-08

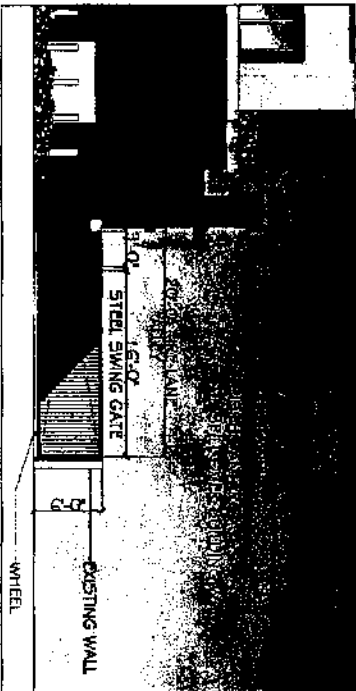
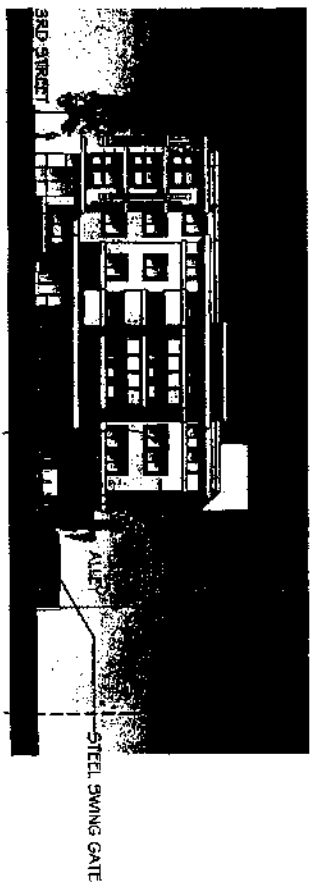
### LOAN CLOSING

Dec-08	/	Construction Loan Closing	/
Jan-09		Construction Start	/
Mar-10		Construction Complete	/
Jun-10		TCAC Placed In Service Application	/
Jun-10		Occupancy of All Assisted Units	/
Jun-10		TOD Permanent Loan Closing	/

**EXHIBIT "K" TO LOAN AGREEMENT  
SITE PLANS & ELEVATIONS**

(HOME LOAN - PROJECT NO. \_\_\_\_\_)  
(INDUSTRY LOAN - PROJECT NO. \_\_\_\_\_)

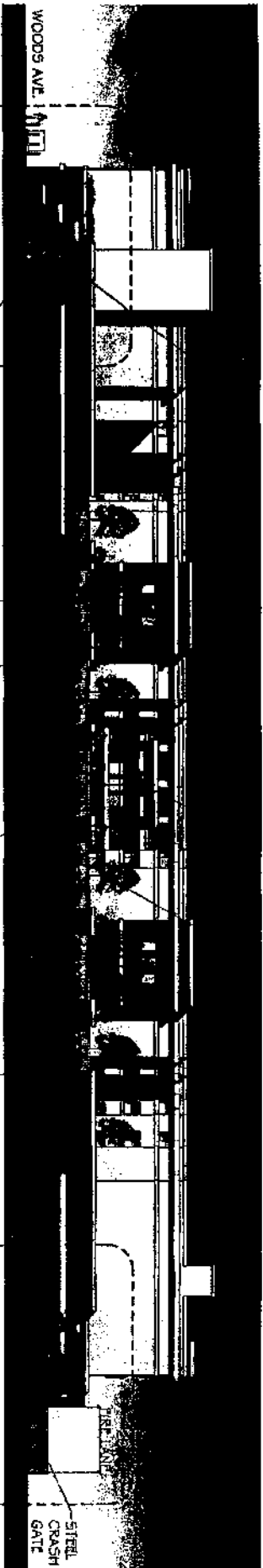
(Please See Attached)



**3rd & Woods Family Housing**  
East Los Angeles, California

Elevation : East Side (Woods Ave.)  
Section : Podium Planter





WOODS AVE. 1/11/11

SEE ENLARGEMENT A  
GATE OPERATOR  
REMOTE CONTROL

POIS ON PLASTERES  
WITH BOUGAINVILLEA  
RASPBERRY ICE

42" STEEL GUARDRAILS

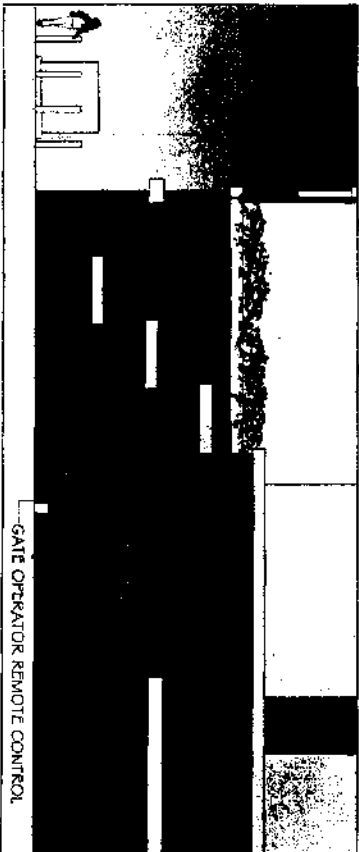
CISSUS ANTARCTICA  
TO SPILL OVER  
BUILDING WALL

SEE ENLARGEMENT B

STEEL  
CRASH  
GATE

**Elevation : North Side (Alley)**

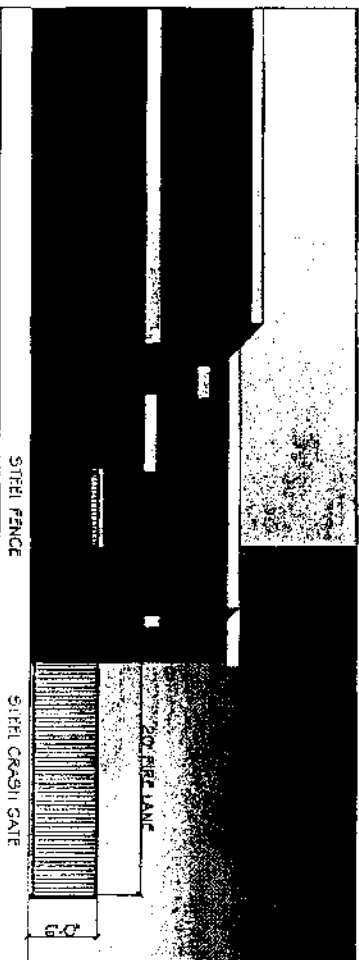
Scale 1/32" = 1'-0"



GATE OPERATOR REMOTE CONTROL

**A. Elevation : Steel Swing Gate**

Scale 1/10" = 1'-0"



STEEL FENCE

STEEL CRASH GATE

**B. Elevation : Steel Crash Gate**

Scale 1/10" = 1'-0"

L1.1

**3rd & Woods Family Housing**  
East Los Angeles, California

National Community Renaissance  
East LA Community Corporation

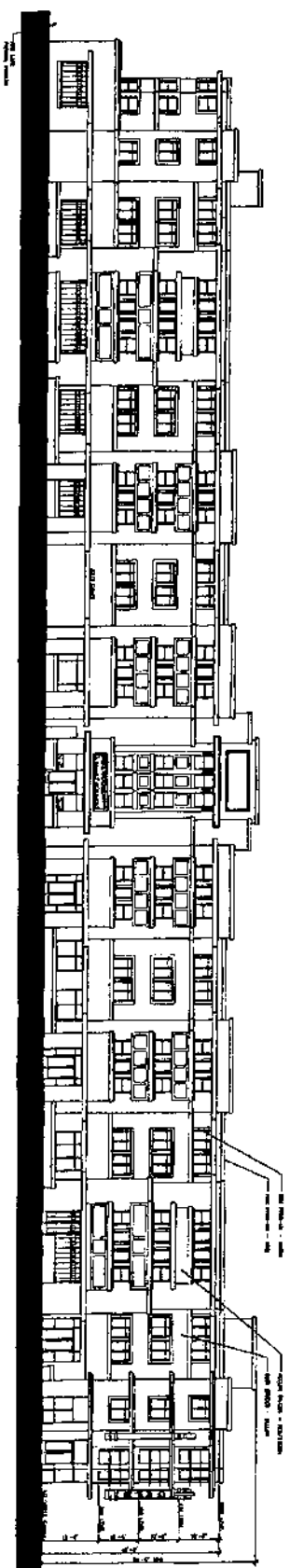
**Elevation : North Side (Alley)**



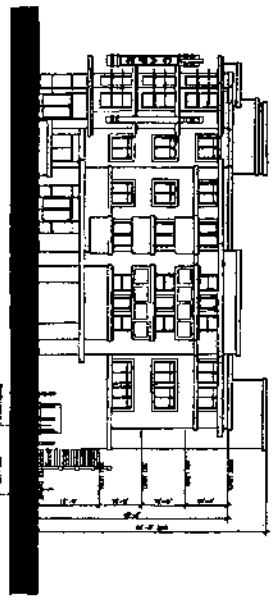
March 5, 2008

Residential, Inc.  
444 S. Flower Street, Suite 1200  
Los Angeles, California 90011  
213.511.6050  
213.511.6051 FAX  
www.ioalin.com

ALL ELEVATIONS AND SECTIONS ARE TO BE CONSIDERED AS PARTS OF THE SAME SET OF DRAWINGS.



South Elevation  
1

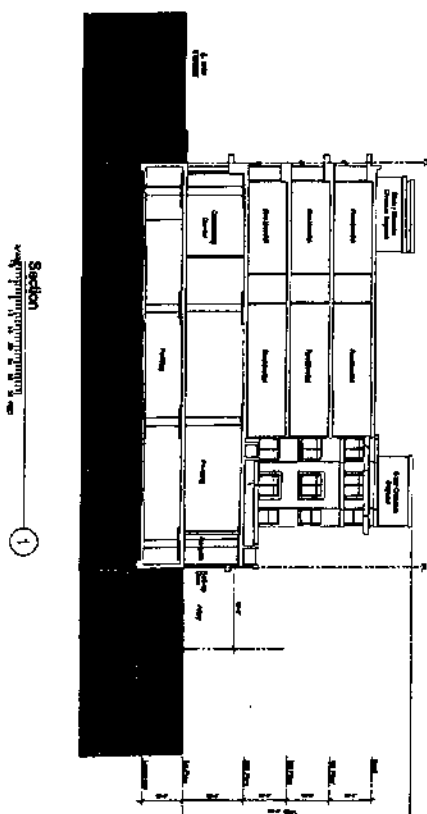


East Elevation  
2

A2-02	A2-03	A2-04	A2-05	A2-06	A2-07	A2-08	A2-09	A2-10	A2-11	A2-12	A2-13	A2-14
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			Sgt and Woods Family Housing		Section		Powers / Powers
A301			JAIL LBN A/VENUE, DC				
			Dumaineville				
			powers (Discipline, Performance, Culture) & Community Connections				

COUNTY  
SUSSEX

① EGRESS  
STAIR  
OVERHEAD  
(56'-0")

ALLEY

② EGRESS  
STAIR  
OVERHEAD  
(56'-0")

3RD STREET

③ ELEVATOR  
TOWER  
OVERHEAD  
(56'-0")

WILCOX  
AVENUE

Overall Roof Level Plan  
1/16/2011 11:00 AM

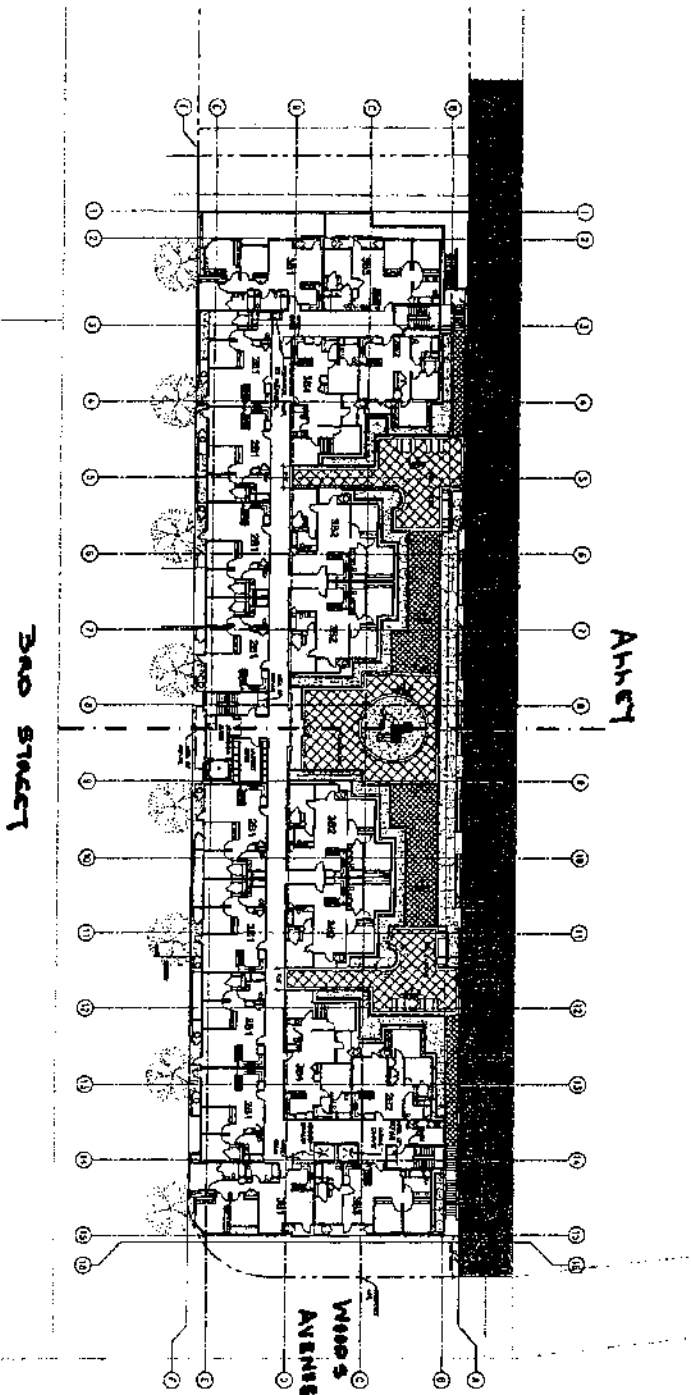
1



AD-05

<p>Overall Roof Level Plan</p>	<p>Strand Woods Family Housing</p>	<p>Overall Roof Level Plan</p>	<p>Project Sheet</p>
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COUNTY  
SHERIFFS



Overall 2nd Level (Podium) Plan  
1



<p>3rd and Woods Family Housing</p> <p>Architect: [Name]</p> <p>Engineer: [Name]</p> <p>Site: [Address]</p> <p>Scale: [Scale]</p> <p>Sheet: [Number]</p>	<p>Overall 2nd Level (Podium) Plan</p> <p>Architect: [Name]</p> <p>Engineer: [Name]</p> <p>Site: [Address]</p> <p>Scale: [Scale]</p> <p>Sheet: [Number]</p>	<p>Overall 2nd Level (Podium) Plan</p> <p>Architect: [Name]</p> <p>Engineer: [Name]</p> <p>Site: [Address]</p> <p>Scale: [Scale]</p> <p>Sheet: [Number]</p>
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**EXHIBIT "L" TO LOAN AGREEMENT  
DEVELOPMENT PRO FORMA**

(HOME LOAN - PROJECT NO. \_\_\_\_\_)  
(INDUSTRY LOAN - PROJECT NO. \_\_\_\_\_)

(Please See Attached)

INPUT DATA	
2008 AREA MEDIAN INCOME (AMI)	\$75,800
TOTAL # UNITS	60
VACANCY RATE	5.00%
TOTAL LAND SQUARE FOOTAGE	40,000
TOTAL BLDG SF (NIC PKG STALLS)	70,625
RENT INCOME	\$567,138
RENT INCOME INFLATION FACTOR	2.50%
COMMERCIAL INCOME	\$0
COMMERCIAL INCOME INFLATION FACTOR	4.00%
LAUNDRY & MISC. INCOME/YEAR	\$7,200
LAUNDRY & MISC. INCOME INFLATION FACTOR	2.50%
INTEREST INCOME	0
INTEREST INCOME INFLATION FACTOR	0.00%
OPERATING EXPENSES/UNIT/YEAR	\$4,967
OPERATING EXPENSE INFLATION FACTOR	3.50%
OPERATING RESERVE	0.00%
REPLACEMENT RESERVE	\$300.00 /unit
LAND COSTS	\$3,323,555
DEVELOPMENT COSTS (NIC Land)	\$24,077,445
TOTAL DEVELOPMENT COSTS	\$27,401,000
TOTAL CONSTRUCTION COSTS	\$15,456,000
PARKING CONSTRUCTION COSTS	\$3,100,000
AGENCY LOAN AMOUNT	\$5,505,000
AGENCY LOAN RATE	3.00%
CONVENTIONAL LOAN AMOUNT	\$3,114,000
CONVENTIONAL LOAN RATE	8.00%
CONVENTIONAL LOAN YEARS	30
CONVENTIONAL LOAN TYPE	AMORTIZED
DEBT COVERAGE RATIO (X::1) X=	1.150
PROJECT NAME:	3rd & Woods Family Housing Project
PROJECT ADDRESS:	5051 E. 3rd Street, East LA, CA 90022
PROJECT DEVELOPER:	Woods Family Housing Partners, L.P. (SCHDCLA & ELACC)

DATE REVISED:  
Bldg. SF Calculation

3/3/2008

Residential SF				
Common Area (Estimate)			5,000	7.52%
2 BR	30	950	28,500	42.86%
3 BR	30	1100	33,000	49.62%
Total Resid. SF			66,500	100.00%

Commercial SF		
Restaurant (Leasable SF)		1,400 33.94%
Retail (Leasable SF)		1,000 24.24%
Leasing Office / Community Center		1,725 41.82%
Total Commercial SF		4,125 100.00%

Total Bldg. SF		70,625
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Parking Space # & Cost Calculation			
Residential	60	2	120
Commercial			45
Handicapped (inclusive)			0
Total Spaces			165
Total Pkg SF	350		57,750
Cost Per Space			\$18,786

## SOURCES & USES OF FUNDS

Revised: 3/3/2008

Project Name: 3rd & Woods Family Housing Project

Project Address: 5051 E. 3rd Street, East LA, CA 90022

Developer: Woods Family Housing Partners, L.P. (SCHDCLA & ELACC)

SOURCES: CONSTRUCTION			Per Unit	USES:			Per Unit
Private Const Loan (WAMU ADJ)	\$9,463,660	157,728		Acquisition Costs/Closing	\$3,323,555	55,393	
LIHTC Equity - 9%	\$6,767,500	112,792		Architecture/Fees & Permits	\$2,088,760	34,813	
AHP	\$0	0		Construction Cost	\$18,769,865	312,831	
CDC HOME	\$5,505,000	91,750		Indirect Construction/Legal	\$510,397	8,507	
Industry	\$2,037,000	33,950		Developer's Fee	\$700,000	11,667	
State HCD TOD*	\$1,800,000	30,000		Rent-Up Costs/Reserves	\$124,000	2,067	
State HCD In-Fill Infrastructure	\$895,000	14,917		Financing Costs	\$951,582	15,860	
Com. Supportable Loan or NCORE	\$25,224	420		Commercial Specific Costs*	\$25,224	420	
<b>TOTAL</b>	<b>\$26,493,384</b>	<b>441,556</b>			<b>\$26,493,384</b>	<b>441,556</b>	

SOURCES: PERMANENT			Per Unit	USES:			Per Unit
Perm Loan	\$3,114,000	51,900		Acquisition Costs/Closing	\$3,323,555	55,393	
LIHTC Equity - 9%	\$13,535,000	225,583		Architecture/Fees & Permits	\$2,088,760	34,813	
AHP (GAP)	\$0	0		Construction Cost	\$18,769,865	312,831	
Deferred Dev Fee	\$515,000	8,583		Indirect Construction/Legal	\$510,397	8,507	
Industry	\$2,037,000	33,950		Developer's Fee	\$1,400,000	23,333	
CDC HOME	\$5,505,000	91,750		Rent-Up Costs/Reserves	\$307,831	5,131	
State HCD TOD*	\$1,800,000	30,000		Financing Costs	\$1,000,592	16,677	
State HCD In-Fill Infrastructure	\$895,000	14,917		Other			
Com. Supportable Loan or NCORE	\$25,224	420		Commercial Specific Costs	\$25,224	420	
<b>TOTAL</b>	<b>\$27,426,224</b>	<b>457,104</b>			<b>\$27,426,224</b>	<b>457,104</b>	

0.263260721

\* Commercial Specific Costs excludes on-site improvement costs supporting and needed by both residential and commercial portions which are detailed both in terms of costs and financing on the Commercial Proforma.

13535000

\*\* Preliminary Draft TOD Housing Guidelines (8/8/07)

**Section 101:** In addition, grants are available to cities, counties, and transit agencies for infrastructure improvements necessary for the development of specified housing developments, or to facilitate connections between these developments and the transit station.

**Section 103 (d):** Infrastructure Projects may benefit multiple developments, but must provide substantial direct benefit to one or more identified Housing Developments. Where an Infrastructure Project supports a Housing Development that is not receiving Program funds (i.e. Non-Infrastructure Rental Housing Development), that Housing Development may receive financial assistance from programs administered by the Department and may qualify for and receive 9% state and federal tax credits.

**Section 103 (c) (1):** Capital Improvements required to develop 1 or more specifically identified Housing Developments, such as Sewer/Water System Upgrades; Streets; Construction of Drainage Basins; Parking Structures; Utility Access, Connection or Relocation; Noise Mitigation

**Section 103 (c) (2):** Capital Improvements that clearly & substantially enhance pedestrian or bicycle access from one or more specifically identified Housing Developments to the nearest Transit Station, such as Pedestrian Walkways or Plazas, Signal Lights, Streetscape improvements; Security Enhancements, and Bicycle Lanes.

**Section 104 (d) Eligible Costs for Infrastructure Projects include:**

Section 104 (d) (1) Real Property Acquisition

Section 104 (d) (2) Construction Work

Section 104 (d) (3) Engineering Design & Supervision

Section 104 (d) (4) Environmental Studies, Remediation & Mitigation

**Section 105 (e):** (2) The grant must be matched by a cash contribution of funds, including federal and State funds under local control (e.g. Industry & HOME Funds), allocated by the applicant equal to 20% of the Program Grant.

(3) The total grant amount shall be limited to \$20,000 per residential unit in the proposed Housing Development(s), or \$30,000 per Restricted unit. (8) Infrastructure grants shall be limited to a total of \$5,000,000 per Infrastructure Project

# DEVELOPMENT COSTS

Revised: 3/3/2008

Project Name: 3rd & Woods Family Housing Project  
Project Address: 5051 E. 3rd Street, East LA, CA 90022  
Developer: Woods Family Housing Partners, L.P. (SCHDCLA & ELACC)

Number of Dwelling Units:	60	Gross Building Area (sf)		70,625	
		TOTAL COST	\$ PER UNIT	\$ PER SF BUILDING	% OF TOTAL
1. ACQUISITION COSTS:					
Purchase Price		\$3,000,000	\$50,000.00	\$42.48	10.95%
Closing Costs		\$10,000	\$166.67	\$0.14	0.04%
Appraisal		\$0	\$0.00	\$0.00	0.00%
Holding Costs		\$313,555	\$5,225.92	\$4.44	1.14%
TOTAL ACQUISITION COSTS		\$3,323,555	\$55,392.58	\$47.06	12.13%
2. FEES/PERMITS & STUDIES					
Building Fees & Permits / Impact Fees		\$600,000	\$10,000.00	\$8.50	2.19%
Surveys/Solids/Traffic/Acoustic/Inspections		\$150,000	\$2,500.00	\$2.12	0.55%
Environmental / Doc/Remediation/Mitigation		\$100,000	\$1,666.67	\$1.42	0.36%
Arch. & Civil Engineering Fees					
Design	6.50%	\$1,203,760	\$20,062.67	\$17.04	4.39%
Reimbursables		\$35,000	\$583.33	\$0.50	0.13%
Subtotal:		\$1,238,760	\$20,646.00	\$17.54	4.52%
TOTAL FEES/PERMITS & STUDIES		\$2,088,760	\$34,612.67	\$29.58	7.62%
3. DIRECT CONSTRUCTION COSTS:					
Demolition & Rehabilitation		\$360,000	\$6,000.00	\$5.10	1.31%
Residential Construction - Units		\$10,296,000	\$171,600.00	\$145.78	37.58%
Parking Structure		\$3,100,000	\$51,666.67	\$43.89	11.31%
Landscaping/Common Areas		\$200,000	\$3,333.33	\$2.83	0.73%
On and Off-Site Improvements		\$1,500,000	\$25,000.00	\$21.24	5.47%
Other		\$0	\$0.00	\$0.00	0.00%
Subtotal:		\$15,456,000	\$257,600.00	\$218.85	56.41%
Contractor's Overhead & Profit	8.50%	\$1,313,760	\$21,896.00	\$18.60	4.79%
Subtotal:		\$16,769,760	\$279,496.00	\$237.45	61.20%
General Conditions	5.50%	\$850,080	\$14,168.00	\$12.04	3.10%
Performance Bond / Security		\$256,222	\$4,270.37	\$3.63	0.94%
Subtotal: With Prevailing Wage Boost		\$17,876,062	\$297,934.37	\$253.11	65.24%
Construction Contingency	5.00%	\$893,803	\$14,896.72	\$12.66	3.26%
TOTAL DIRECT CONSTRUCTION COSTS		\$18,769,865	\$312,831.09	\$265.77	68.50%
4. INDIRECT CONSTRUCTION COSTS					
Developer's Fee		\$885,000	\$14,750.00	\$12.53	3.23%
Deferred Developer Fee		\$515,000	\$8,583.33	\$7.29	1.88%
Subtotal:		\$1,400,000	\$23,333.33	\$19.82	5.11%
Development Consultant		\$0	\$0.00	\$0.00	0.00%
Construction Manager		\$0	\$0.00	\$0.00	0.00%
Builders Risk/Liability Insurance		\$375,397	\$6,256.62	\$5.32	1.37%
Real Estate Taxes		\$0	\$0.00	\$0.00	0.00%
Legal - Organizational		\$30,000	\$500.00	\$0.42	0.11%
Legal - Syndication		\$45,000	\$750.00	\$0.64	0.16%
Accounting/Inspection		\$30,000	\$500.00	\$0.42	0.11%
Relocation		\$0	\$0.00	\$0.00	0.00%
Indirect Construction Costs Contingency		\$30,000	\$500.00	\$0.42	0.11%
TOTAL INDIRECT CONSTRUCTION COSTS		\$1,910,397	\$31,836.96	\$27.05	6.97%
5. RENT-UP COSTS					
Marketing/Advertising Expense		\$24,000	\$400.00	\$0.34	0.09%
Lease-up Reserve (4 month lease-up)		\$50,000	\$1,000.00	\$0.85	0.22%
Capitalized Replacement Reserve		\$0	\$0.00	\$0.00	0.00%
Capitalized Operating Reserve		\$123,831	\$2,063.85	\$1.75	0.45%
Common Area Furnishings		\$100,000	\$1,666.67	\$1.42	0.36%
TOTAL RENT-UP/MARKETING COSTS		\$307,831	\$5,130.51	\$4.36	1.12%
6. FINANCING COSTS					
Construction Loan Interest		\$720,000	\$12,000.00	\$10.19	2.63%
Construction Loan Fees/Costs		\$102,382	\$1,706.37	\$1.45	0.37%
Lender Appraisal		\$10,000	\$166.67	\$0.14	0.04%
Lender Legal		\$40,000	\$666.67	\$0.57	0.15%
LACDC/Housing Authority Fees		\$29,600	\$493.33	\$0.42	0.11%
Permanent Loan Fees/Closing Costs		\$46,710	\$778.50	\$0.66	0.17%
Tax Credit Allocation Fee		\$31,900	\$531.67	\$0.45	0.12%
Syndication Costs		\$0	\$0.00	\$0.00	0.00%
Bond Issuance Costs		\$0	\$0.00	\$0.00	0.00%
Title and Recording (Const./Perm.)		\$20,000	\$333.33	\$0.28	0.07%
TOTAL FINANCING COSTS		\$1,000,592	\$16,676.54	\$14.17	3.65%
7. SUBTOTAL DEVELOPMENT COSTS		\$24,077,445	\$401,290.76	\$340.92	87.87%
TOTAL LAND COSTS		\$3,323,555	\$55,392.58	\$47.06	12.13%
TOTAL DEVELOPMENT COSTS		\$27,401,000	\$456,683.34	\$387.98	100.00%
COMMERCIAL SPECIFIC COSTS		\$25,224			
ADJ. TOTAL DEVELOPMENT COSTS		\$27,426,224			

Construction estimates are subject to change and may be revised due to entitlement issues, changes in construction standards, architectural and engineering requirements, and other unforeseen circumstances.



# STATE HCD TOD INFRASTRUCTURE ELIGIBLE COSTS

Revised

1/27/2010

Project Name: 3rd & Woods Family Housing Project  
Project Address: 6851 E. 3rd Street, East LA, CA 90022  
Developer: Woods Family Housing Partners, L.P. (SCHDCLA & ELACC)

Number of Dwelling Units: 80		TOTAL COST	STATE HCD TOD INFRASTRUCTURE ELIGIBLE COSTS	PRELIMINARY DRAFT TOD HOUSING PROGRAM GUIDELINES (6/8/07) SECTION	PRELIMINARY DRAFT TOD HOUSING PROGRAM GUIDELINES (6/8/07) LANGUAGE
<b>1. ACQUISITION COSTS:</b>					
Purchase Price		\$3,000,000	\$0	Section 104	
Closing Costs		\$10,000	XXXXXXXXXXXXXXXX		
Appraisal		\$0	XXXXXXXXXXXXXXXX		
Holding Costs		\$318,000	XXXXXXXXXXXXXXXX		
<b>TOTAL ACQUISITION COSTS</b>		<b>\$3,328,000</b>	<b>\$0</b>		
<b>2. FEES/PERMITS &amp; STUDIES</b>					
Blg Fees & Permits / Local Dev Impact Fees		\$608,000	XXXXXXXXXXXXXXXX		
Survey/Soils/Traffic/Acoustics/Inspections		\$150,000	\$75,000	Section 104	Section 104 (d) (4) Environmental Studies, Remediation & Mitigation
Environmental Doc/Remediation/Mitigation		\$100,000	\$50,000	Section 104	Section 104 (d) (4) Environmental Studies, Remediation & Mitigation
Arch. & Civil Engineering Fees					
Design	6.5%	\$1,214,280	\$900,000	Section 104	Section 104 (d) (3) Engineering Design & Supervision
Permits/fees		\$35,000	\$0	Section 104	Section 104 (d) (3) Engineering Design & Supervision
<b>Subtotal:</b>		<b>\$1,249,280</b>	<b>\$900,000</b>		
<b>TOTAL FEES/PERMITS &amp; STUDIES</b>		<b>\$2,098,280</b>	<b>\$725,000</b>		
<b>3. DIRECT CONSTRUCTION COSTS:</b>					
Demolition & Rehabilitation		\$360,000	\$0	Section 104	Section 104 (d) (2) Construction Work
Residential Construction - Units		\$10,296,000	\$0	Section 104	Section 104 (d) (2) Construction Work
Parking Structure		\$3,275,000	XXXXXXXXXXXXXXXX	Section 104	Section 104 (e) Infrastructure Projects that include the development of new parking spaces for a Housing development shall not provide parking that exceeds the maximum specified in subsection (a)(4) for that Housing Development (Max 1.5 Spaces/Unit; Office .33/Retail .75/Res 1.5 per 1000 SF)
Landscaping/Common Areas		\$200,000	\$75,000	Section 103	Section 103 (c) (2) Capital Improvements that clearly & substantially enhance pedestrian or bicycle access from one or more specifically identified Housing Developments to the nearest Transit Station, such as Pedestrian Walkways or Plazas, Signal Lights, Streetscape Improvements, Security Enhancements, and Bicycle Lanes.
On and Off-Site Improvements		\$1,500,000	\$1,000,000	Section 103	Section 103 (c) (1) Capital Improvements required to develop 1 or more specifically identified Housing Developments, such as Sewer/Water System Upgrades; Streets; Construction of Drainage Basins; Parking Structures; Utility Access/Connection or Relocation; Noise Mitigation
Other		\$0	\$0	Section 104	Section 104 (d) (2) Construction Work
<b>Subtotal:</b>		<b>\$15,831,000</b>	<b>\$1,075,000</b>	Section 104	Section 104 (d) (2) Construction Work
Contractor's Overhead & Profit	8.50%	\$1,328,636	\$0	Section 104	Section 104 (d) (2) Construction Work
<b>Subtotal:</b>		<b>\$16,956,636</b>	<b>\$1,075,000</b>	Section 104	Section 104 (d) (2) Construction Work
General Conditions	5.50%	\$856,705	\$0	Section 104	Section 104 (d) (2) Construction Work
Performance Bond / Security		\$257,972	\$0	Section 104	Section 104 (d) (2) Construction Work
<b>Subtotal: With Traveling Wage Boost</b>		<b>\$18,077,312</b>	<b>\$1,075,000</b>	Section 104	Section 104 (d) (2) Construction Work
Construction Contingency	5.00%	\$903,866	\$0	Section 104	Section 104 (d) (2) Construction Work
<b>TOTAL DIRECT CONSTRUCTION COSTS</b>		<b>\$18,981,178</b>	<b>\$1,075,000</b>	Section 104	Section 104 (d) (2) Construction Work
<b>4. INDIRECT CONSTRUCTION COSTS</b>					
Developer's Fee		\$990,000	XXXXXXXXXXXXXXXX		
Deferred Developer Fee		\$410,000	XXXXXXXXXXXXXXXX		
<b>Subtotal:</b>		<b>\$1,400,000</b>	<b>XXXXXXXXXXXXXXXX</b>		
Development Consultant		\$0	XXXXXXXXXXXXXXXX		
Construction Manager		\$0	XXXXXXXXXXXXXXXX		
Builder's Risk/Liability Insurance		\$379,624	XXXXXXXXXXXXXXXX		
Real Estate Taxes		\$0	XXXXXXXXXXXXXXXX		
Legal - Organizational		\$30,000	XXXXXXXXXXXXXXXX		
Legal - Syndication		\$45,000	XXXXXXXXXXXXXXXX		
Accounting/Inspection		\$30,000	XXXXXXXXXXXXXXXX		
Relocation		\$0	XXXXXXXXXXXXXXXX		
Indirect Construction Costs Contingency		\$30,000	XXXXXXXXXXXXXXXX		
<b>TOTAL INDIRECT CONSTRUCTION COSTS</b>		<b>\$1,914,624</b>	<b>\$0</b>		
<b>5. RENT-UP COSTS</b>					
Marketing/Advertising Expense		\$24,000	XXXXXXXXXXXXXXXX		
Lease-up Reserve (4 month lease-up)		\$60,000	XXXXXXXXXXXXXXXX		
Capitalized Replacement Reserve		\$0	XXXXXXXXXXXXXXXX		
Capitalized Operating Reserve		\$123,831	XXXXXXXXXXXXXXXX		
Common Area Furnishings		\$100,000	XXXXXXXXXXXXXXXX		
<b>TOTAL RENT-UP/MARKETING COSTS</b>		<b>\$307,831</b>	<b>\$0</b>		
<b>6. FINANCING COSTS</b>					
Construction Loan Interest		\$720,000	XXXXXXXXXXXXXXXX		
Construction Loan Fees/Costs		\$94,637	XXXXXXXXXXXXXXXX		
Lender Appraisal		\$10,000	XXXXXXXXXXXXXXXX		
Lender Legal		\$40,000	XXXXXXXXXXXXXXXX		
LACDC/Housing Authority Fees		\$29,800	XXXXXXXXXXXXXXXX		
Permanent Loan Fees/Closing Costs		\$46,710	XXXXXXXXXXXXXXXX		
Tax Credit Allocation Fee		\$31,900	XXXXXXXXXXXXXXXX		
Syndication Costs		\$0	XXXXXXXXXXXXXXXX		
Goodwill/Issuance Costs		\$20,000	XXXXXXXXXXXXXXXX		
Title and Recording (Const./Perm.)		\$0	XXXXXXXXXXXXXXXX		
<b>TOTAL FINANCING COSTS</b>		<b>\$992,847</b>	<b>\$0</b>		
<b>7. SUBTOTAL DEVELOPMENT COSTS</b>		<b>\$24,295,738</b>	<b>\$1,800,000</b>		
<b>TOTAL LAND COSTS</b>		<b>\$3,328,000</b>	<b>\$0</b>		
<b>TOTAL DEVELOPMENT COSTS</b>		<b>\$27,623,738</b>	<b>\$1,800,000</b>		

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Construction cost are subject to change & may be revised due to entitlement issues, changes in construction standards, arch. & engineering requirements, and other unforeseen circumstances.

# RENT SCHEDULE

Revised:

3/3/2008

Project Name: 3rd & Woods Family Housing Project  
 Project Address: 5051 E. 3rd Street, East LA, CA 90022  
 Developer Name: Woods Family Housing Partners, L.P. (SCHDCLA & ELACC)

2008 AREA MEDIAN INCOME \$75,800									
Unit Type	Percent Median	2008 Monthly Gross Rent	2008 Monthly Utility Allow.	Monthly Net Rent	Number of Units	Total Monthly Rent	Total Annual Rent (\$)	Total # of Bdrms.	
ONE BEDROOM	30%	\$420	\$42	\$378	0	\$0	\$0	0	
	45%	\$584	\$42	\$542	0	\$0	\$0	0	
	50%	\$649	\$42	\$607	0	\$0	\$0	0	
TWO BEDROOM	30%	\$512	\$59	\$453	3	\$1,358	\$16,295	6	
	45%	\$767	\$59	\$708	4	\$2,834	\$34,007	8	
	50%	\$853	\$59	\$794	23	\$18,256	\$219,075	46	
THREE BEDROOM	30%	\$591	\$72	\$519	3	\$1,558	\$18,693	6	
	45%	\$887	\$72	\$815	5	\$4,074	\$48,892	10	
	50%	\$985	\$72	\$913	21	\$19,181	\$230,177	42	
MANAGER'S	Exempt	\$0	\$0	\$0	1	\$0	\$0	1	
TOTAL					60	\$47,262	\$567,138	119	
		30%	6	10.00%			30%	6	10.17%
		45%	9	15.00%			45%	9	15.25%
		50%	44	73.33%			50%	44	74.58%
		Mgr	1	1.67%			Mgr	0	0.00%
			60	100%				59	100%
Including Mgr. Unit					Excluding Mgr. Unit				

## OPERATING EXPENSES

Revised: 3/3/2008

Project Name: 3rd & Woods Family Housing Project  
 Project Address: 5051 E. 3rd Street, East LA, CA 90022  
 Developer: Woods Family Housing Partners, L.P. (SCHDCLA & ELACC)

	ANNUAL \$0	MONTHLY	PER UNIT	UNIT/MO.	% TOTAL
<b>1. MANAGEMENT</b>					
Contract Management Fee	\$28,800	\$2,400.00	\$480.00	\$40.00	9.66%
<b>TOTAL MANAGEMENT</b>	<b>\$28,800</b>	<b>\$2,400.00</b>	<b>\$480.00</b>	<b>\$40.00</b>	<b>9.66%</b>
<b>2. ADMINISTRATION</b>					
Marketing	\$2,100	\$175.00	\$35.00	\$2.92	0.70%
Audit	\$15,000	\$1,250.00	\$250.00	\$20.83	5.03%
Legal	\$2,000	\$166.67	\$33.33	\$2.78	0.67%
Office Expenses	\$12,000	\$1,000.00	\$200.00	\$16.67	4.03%
<b>TOTAL ADMINISTRATION</b>	<b>\$31,100</b>	<b>\$2,591.67</b>	<b>\$518.33</b>	<b>\$43.18</b>	<b>10.44%</b>
<b>3. SALARIES AND BENEFITS</b>					
On-Site Manager/Asst. Manager	\$30,000	\$2,500.00	\$500.00	\$41.67	10.07%
Maintenance Personnel	\$20,000	\$1,666.67	\$333.33	\$27.78	6.71%
Janitorial Personnel	\$0	\$0.00	\$0.00	\$0.00	0.00%
Case Manager	\$0	\$0.00	\$0.00	\$0.00	0.00%
Housekeepers	\$0	\$0.00	\$0.00	\$0.00	0.00%
Payroll Txs, Ins & Wkr. Comp.	\$17,500	\$1,458.33	\$291.67	\$24.31	5.87%
<b>TOTAL SALARIES</b>	<b>\$67,500</b>	<b>\$5,625.00</b>	<b>\$1,125.00</b>	<b>\$93.75</b>	<b>22.65%</b>
<b>4. MAINTENANCE</b>					
Supplies	\$4,000	\$333.33	\$66.67	\$5.56	1.34%
Repairs Contract	\$6,000	\$500.00	\$100.00	\$8.33	2.01%
Pest Control	\$5,000	\$416.67	\$83.33	\$6.94	1.68%
Grounds Contract	\$6,000	\$500.00	\$100.00	\$8.33	2.01%
Turnover Costs	\$5,000	\$416.67	\$83.33	\$6.94	1.68%
Pool	\$0	\$0.00	\$0.00	\$0.00	0.00%
Elevator	\$6,000	\$500.00	\$100.00	\$8.33	2.01%
<b>TOTAL MAINTENANCE</b>	<b>\$32,000</b>	<b>\$2,667</b>	<b>\$533</b>	<b>\$44</b>	<b>10.74%</b>
<b>5. UTILITIES NOT PAID BY TENANTS</b>					
Trash Removal	\$10,000	\$833.33	\$166.67	\$13.89	3.36%
Electricity	\$20,000	\$1,666.67	\$333.33	\$27.78	6.71%
Water/Sewer	\$34,000	\$2,833.33	\$566.67	\$47.22	11.41%
Gas	\$12,000	\$1,000.00	\$200.00	\$16.67	4.03%
<b>TOTAL UTILITIES</b>	<b>\$76,000</b>	<b>\$6,333.33</b>	<b>\$1,266.67</b>	<b>\$105.56</b>	<b>25.50%</b>
<b>6. INSURANCE</b>					
Property & Liability Insurance	\$24,600	\$2,050.00	\$410.00	\$34.17	8.26%
<b>TOTAL INSURANCE</b>	<b>\$24,600</b>	<b>\$2,050.00</b>	<b>\$410.00</b>	<b>\$34.17</b>	<b>8.26%</b>
<b>7. TAXES/RESERVES</b>					
Real Estate Taxes	\$5,000	\$416.67	\$83.33	\$6.94	1.68%
Replacement Reserves	\$18,000	\$1,500.00	\$300.00	\$25.00	6.04%
<b>TOTAL TAXES</b>	<b>\$23,000</b>	<b>\$1,916.67</b>	<b>\$383.33</b>	<b>\$31.94</b>	<b>7.72%</b>
<b>8. OTHER</b>					
Social Service Coordination	\$15,000	\$1,250.00	\$250.00	\$20.83	5.03%
Resident Activities/Van	\$0	\$0.00	\$0.00	\$0.00	0.00%
<b>TOTAL OTHER</b>	<b>\$15,000</b>	<b>\$1,250</b>	<b>\$250</b>	<b>\$21</b>	<b>5.03%</b>
<b>TOTAL OPERATING EXPENSES</b>	<b>\$298,000</b>	<b>\$24,833</b>	<b>\$4,966.67</b>	<b>\$413.89</b>	<b>100.00%</b>

Project Name: 3rd & Woods Family Housing Project  
Project Address 5051 E. 3rd Street, East L.A., CA 90022  
Developer Name: Woods Family Housing Partners, L.P.

[illegible]

Per Unit	Percent	YEAR 15	YEAR 16	YEAR 17	YEAR 18	YEAR 19	YEAR 20	YEAR 21	YEAR 22	YEAR 23	YEAR 24	YEAR 25	YEAR 26	YEAR 27	YEAR 28	YEAR 29	YEAR 30
\$456,583	100.00%	\$801,351	\$821,385	\$841,920	\$852,988	\$884,542	\$906,556	\$929,322	\$952,555	\$978,359	#####	#####	\$1,051,443	\$1,077,728	\$1,104,572	\$1,132,289	\$1,160,596
\$51,800	11.35%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
\$225,583	49.40%	9,925	10,173	10,428	10,688	10,936	11,230	11,510	11,798	12,093	12,385	12,705	13,023	13,348	14,024	14,375	14,734
\$0	0.00%	791,732	811,525	831,813	852,608	873,924	895,772	918,166	941,120	964,648	988,764	1,013,483	1,038,820	1,064,791	1,091,411	1,118,686	1,175,330
\$8,563	1.88%	39,587	40,576	41,591	42,630	43,695	44,789	45,908	47,056	48,232	49,438	50,674	51,941	53,240	54,571	55,935	57,333
\$91,750	20.09%	752,145	770,949	790,222	809,978	830,227	850,963	872,236	894,064	916,416	939,326	962,809	986,879	1,011,551	1,036,940	1,062,761	1,089,330
\$30,950	7.43%	437,908	453,234	469,086	485,516	502,509	520,097	538,300	557,141	576,641	596,823	617,712	639,332	661,709	684,868	708,839	759,326
\$44,917	9.84%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
\$781,806	171.33%	28,151	29,137	30,158	31,212	32,304	33,435	35,816	37,070	38,357	39,710	41,100	42,538	44,027	45,568	47,163	48,814
\$6,893	1.52%	286,086	288,578	290,968	293,250	295,414	297,451	299,352	301,107	302,705	304,136	305,387	306,448	307,304	308,354	309,519	308,424
0	0.00%	215,323	215,323	215,323	215,323	215,323	215,323	215,323	215,323	215,323	215,323	215,323	215,323	215,323	215,323	215,323	215,323
0	0.00%	1.33	1.34	1.35	1.36	1.37	1.38	1.39	1.40	1.41	1.41	1.42	1.42	1.43	1.43	1.43	1.43
70,763	15.52%	73,255	75,546	77,927	80,091	82,128	84,029	85,784	87,382	88,813	90,084	91,125	91,982	92,622	93,031	93,198	93,101
10,000	2.19%	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
6,893	1.52%	7,065	7,241	7,423	7,608	7,796	7,993	8,193	8,398	8,608	8,823	9,044	9,270	9,501	9,739	9,982	10,232
0	0.00%	53,871	56,190	58,404	60,505	62,483	64,330	66,036	67,591	68,984	70,205	71,241	72,081	72,712	73,292	73,814	72,899
-53,871	-11.78%	-6,764	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
6,764	1.48%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
0	0.00%	49,426	58,404	60,505	62,483	64,330	66,036	67,591	68,984	70,205	71,241	72,081	72,712	73,292	73,814	72,899	72,899
0	0.00%	24,713	29,202	30,252	31,242	32,165	33,016	33,796	34,492	35,102	35,621	36,041	36,356	36,560	36,646	36,607	36,434
0	0.00%	6,075	7,687	8,171	8,438	8,697	8,918	9,128	9,316	9,481	9,621	9,734	9,819	9,874	9,898	9,887	9,840
0	0.00%	18,038	21,315	22,082	22,804	23,478	24,109	24,698	25,278	25,822	26,337	26,806	27,229	27,606	27,938	28,212	28,594

# TAX CREDIT ANALYSIS

Revised 3/2/2007

Project Name: 3rd & Woods Family Housing Project  
 Project Address: 5651 E. 3rd Street, East LA, CA 90022  
 Developer Name: Woods Family Housing Partners, L.P. (SCHOLLA & ELACC)

	Project Costs	94 Basis	
<b>LAND COSTS</b>			
Land Cost	\$0	XXXXXXXXXXXX	
Legal/Broker Fees	\$0	XXXXXXXXXXXX	
Demolition	\$0	XXXXXXXXXXXX	
<b>TOTAL LAND COSTS</b>	<b>\$0</b>	<b>XXXXXXXXXXXX</b>	
<b>TOTAL ACQUISITION COSTS</b>	<b>\$3,323,555</b>	<b>\$0</b>	
<b>CONSTRUCTION</b>			
Demolition	\$0	XXXXXXXXXXXX	Off-Sites US Rule 70
Structures	\$15,456,000	\$16,806,000	(\$150,000)
General Requirements	\$850,000	\$850,000	
Performance Bond Premium	\$256,222	\$256,222	
Contractor Overhead	\$1,313,760	\$1,313,740	
CONSTRUCTION CONTINGENCY	\$893,803	\$893,803	
<b>TOTAL CONSTRUCTION COSTS</b>	<b>\$18,769,865</b>	<b>\$18,319,865</b>	
<b>PERMITS/FEE/ARCHITECTURE</b>			
Bldg Fees/Permits/Local Dev Impact Fees	\$600,000	\$0	
Surveys/Environmental	\$250,000	\$250,000	
Design and Reimbursables	\$1,238,760	\$1,238,760	
<b>TOTAL ARCHITECTURAL COSTS</b>	<b>\$2,088,760</b>	<b>\$2,488,760</b>	
<b>CONSTRUCTION INTEREST AND FEES</b>			
Construction Loan Interest	\$720,000	\$720,000	
Origination Fee	\$102,382	\$102,382	
As-built Appraisal	\$10,000	\$10,000	
Title & Recording	\$10,000	\$10,000	
Bond Issuance Costs	\$0	XXXXXXXXXXXX	
<b>TOTAL CONSTRUCTION INTEREST &amp; FEES COSTS</b>	<b>\$842,382</b>	<b>\$842,382</b>	
<b>PERMANENT FINANCING</b>			
Perm. Loan Origination Fee	\$46,710	XXXXXXXXXXXX	
Credit Enhancement and Application Fee	\$0	XXXXXXXXXXXX	
Title and Recording	\$10,000	XXXXXXXXXXXX	
Other	\$0	XXXXXXXXXXXX	
<b>TOTAL PERMANENT FINANCING COSTS</b>	<b>\$56,710</b>	<b>\$0</b>	
<b>LEGAL FEES</b>			
Lender Legal Costs Paid by Applicant	\$40,000	\$40,000	
Legal Syndication	\$45,000	XXXXXXXXXXXX	
Legal Organizational	\$30,000	\$12,500	
<b>TOTAL ATTORNEY COSTS</b>	<b>\$115,000</b>	<b>\$52,500</b>	
<b>RESERVES</b>			
Marketing	\$24,000	XXXXXXXXXXXX	
Lease-Up Reserves	\$60,000	XXXXXXXXXXXX	
Capitalized Replacement Reserve	\$0	XXXXXXXXXXXX	
Capitalized Operating Reserve	\$123,831	XXXXXXXXXXXX	
Furnishings	\$100,000	\$100,000	
<b>TOTAL RESERVE RESERVE COSTS</b>	<b>\$307,831</b>	<b>\$100,000</b>	
<b>OTHER</b>			
TEAC Appl/Reserv./Monitoring Fees	\$21,900	XXXXXXXXXXXX	
Relocation Expenses	\$0	\$0	
Soft Costs Contingency	\$30,000	\$30,000	
Construction Manager	\$0	\$0	
Accounting/Audit	\$30,000	\$30,000	
Taxes	\$0	\$0	
Insurance	\$375,397	\$375,397	
<b>TOTAL OTHER COSTS</b>	<b>\$467,297</b>	<b>\$435,397</b>	
<b>DEVELOPER COSTS</b>			
Developer Overhead/Fee	\$1,400,000	\$1,400,000	
Development Consultant	\$0	\$0	
Other	\$0	\$0	
<b>TOTAL DEVELOPER COSTS</b>	<b>\$1,400,000</b>	<b>\$1,400,000</b>	
<b>TOTAL RESIDENTIAL COSTS</b>	<b>\$27,971,400</b>	<b>\$22,448,905</b>	
<b>TOTAL COMMERCIAL COSTS</b>	<b>\$0</b>	<b>\$0</b>	
<b>TOTAL PROJECT COSTS</b>	<b>\$27,971,400</b>	<b>\$22,448,905</b>	
<b>TOTAL ELIGIBLE BASIS</b>	<b>\$22,448,905</b>		
<b>TOTAL REQUESTED BASIS</b>	<b>\$14,542,817</b>		
High Cost Area Adjustment	136,000		
<b>SUBTOTAL ADJUSTED ELIGIBLE BASIS</b>	<b>\$15,425,667</b>		
<b>ACQUISITION BASIS</b>	<b>\$0</b>		
<b>TOTAL ADJUSTED ELIGIBLE BASIS</b>	<b>\$25,037,145</b>		
Ratio of low income units to all units	100.00%		
<b>TOTAL QUALIFIED BASIS</b>	<b>\$19,037,145</b>		
Total credit reduction (HFA)	8.08%		
<b>TOTAL ADJUSTED QUALIFIED BASIS</b>	<b>\$17,528,202</b>		
Applicable Federal Tax Credit Factor	\$1,536,202		
Equals	\$1,536,202		
<b>TOTAL ANNUAL FEDERAL CREDIT</b>	<b>\$1,536,202</b>		
x 10 yrs	\$15,362,016		
<b>MAXIMUM FEDERAL CREDIT</b>	<b>\$15,362,016</b>		
x Tax Credit Factor (cents on the \$)	\$0.8801		
<b>Estimated Syndication Net Proceeds</b>	<b>\$13,526,274</b>		

## Threshold Basis Limit Calculation

Basis		
One	131,763	0
Two	160,792	30
Three	207,288	30
Four		
Threshold Basis Limit (Unrequested)	60	11,024,730

## Tax-Exempt Basis

THRESHOLD BASIS LIMIT (Unrequested)	\$11,024,730
Non-CTEAC Adjustments (Entry)	\$0
(A) Prevailing Wage (20%)	\$2,204,876
(B) Unemployment/Parking Pay (7%)	\$777,886
(C) Energy (4%)	\$440,965.20
(D) Senior & Microbusiness (5%)	\$551,236.50
(E) Local Development Impact Fees	\$600,000
Adjusted Threshold Basis (ATE)	\$18,962,817
Total Eligible Basis	\$22,448,905
Cost Efficiency Points (% Below ATE)	30.64
January 2007 70% PWC Percentages	8.08%

3-M-03

**Project Name:** 3rd & Woods Family Housing Project

### SOURCES & USES DETAIL

**FEE'S/PERMITS & STUDIES**  
Building Fees & Permits  
Architectural/Engineering Fees  
Mech/Elect/Plum/Interior Design

**DIRECT CONSTRUCTION COSTS:**

Construction (Shell; Slub Out; Shaft)  
On-Site Improvements / Parking  
Tenant Improvements

## Builders Right

**Other**  
**Retail / Marketing Consultant**  
**Legal Fees**

**RENT-UP COSTS:**  
**Furniture / Hsg Mgt Security System**  
**Marketing Costs**

.....

**FINANCING COSTS:**  
Construction Period Interest  
Construction Loan Fees  
Permanent Loan Fees

**NOTES**

(1) TOD/Tax Credits can & will pay for needed to support Residential & Commercial are NOT needed & will NOT be used for Economic Development/CDBG Grants

(2) NNN Rentals will be supported but are expected to be competitive grants

## NOTES

**EXHIBIT "M" TO LOAN AGREEMENT  
HOME PROGRAM REQUIREMENTS**

(HOME LOAN - PROJECT NO. \_\_\_\_\_)  
(INDUSTRY LOAN - PROJECT NO. \_\_\_\_\_)

(Please See Attached)



## EXHIBIT "M"

### HOME PROGRAM REQUIREMENTS

#### SUMMARY OF FEDERAL PROGRAM REQUIREMENTS

All developments which are assisted using HOME program funds must comply with all of the following federal laws, executive orders, and regulations pertaining to fair housing and equal opportunity, as set forth in 24 CFR part 5, subpart A.

Title VI of the Civil Rights Act of 1964, As Amended (42 U.S.C. 2000d) -- States that no person may be excluded from participation in, denied the benefits of, or subjected to discrimination under any program or activity receiving federal financial assistance on the basis of race, color, or national origin. Its implementing regulations may be found in 28 CFR Part 1.

Title VIII of the Civil Rights Act of 1968, As Amended "the Fair Housing Act" (42 U.S.C. 3601) -- Prohibits discrimination in the sale or rent of units in the private housing market against any person on the basis of race, color, religion, sex, national origin, familial status or handicap. Its implementing regulations may be found in 24 CFR Part 100-115.

Equal Opportunity in Housing (Executive Order 11063, As Amended by Executive Order 12259) -- Prohibits discrimination in housing or residential property financing related to any federally assisted activity against individuals on the basis of race, color, religion, sex or national origin. Implementing regulations may be found in 24 CFR part 107.

Age Discrimination Act of 1975, As Amended (42 U.S.C. 6101) -- Prohibits age discrimination in programs receiving federal financial assistance. Its implementing regulations may be found in 24 CFR Part 146.

Equal Employment Opportunity, Executive Order 11246, As Amended -- Prohibits discrimination against any employee or applicant for employment because of race, color, religion, sex, or national origin. Provisions to effectuate this prohibition must be included in all construction contracts exceeding \$10,000. Implementing regulations may be found at 41 CFR Part 60.

#### HOME PROGRAM TENANT MONITORING

All HOME projects must comply with the HOME Program tenant monitoring procedures established by the Commission, pursuant to 24 CFR Part 92 Sections 252 and 253. New construction projects must comply for 20 years, and rehabilitation projects for 5, 10, or 15 years as set forth in the HOME Program regulations. After HOME Program requirements no longer apply, the Commission will continue monitor the projects for the full term of this agreement.

## HOME PROGRAM CHDO RECERTIFICATION

All Developers of projects that receive HOME funds as a Community Housing Development Organization (DHCO) must comply with the HOME Program CHDO recertification and monitoring procedures established by the Commission. New construction projects must comply for 20 years, and rehabilitation projects for 5, 10, or 15 years as set forth in the HOME Program regulations.

## AFFIRMATIVE MARKETING

Use of the Fair Housing logo, or equal opportunity language

A description of what the developer will do to affirmatively market housing assisted with HOME funds.

A description of what developer will do to inform persons not likely to apply for housing without special outreach.

Maintenance of records to document actions taken to affirmatively market HOME-assisted units and to assess marketing effectiveness.

Description of how efforts will be assessed and what corrective actions will be taken where requirements are not met.

## CONFLICT OF INTEREST

No owner, developer, or sponsor of a project assisted with HOME funds, or any officer, employee, agent, or consultant of such may occupy a HOME-assisted unit in the project, unless a waiver in writing is first obtained from the Commission. This provision does not apply to an employee or agent who occupies the unit as the project manager or maintenance worker.

## SUMMARY OF FEDERAL PROGRAM REQUIREMENTS

### WHAT SECTION 504 REQUIRES

HUD's Section 504 regulations require that a recipient of Federal financial assistance ensure that its program, when viewed in its entirety, is accessible to persons with disabilities. (24 CFR 8.20) In order to meet this obligation, participants in the HOME Program must:

- To the maximum extent feasible, distribute accessible units throughout the projects and sites, and make them available in a sufficient range of sizes and amenities so as not to limit choice.
- Adopt suitable means to assure that information regarding the availability of accessible units reaches eligible individuals with disabilities. They must also take

reasonable nondiscriminatory steps to maximize use of such units by eligible individuals.

- When an accessible unit becomes vacant, before offering the unit to an individual without a disability, offer the unit: first, to a current occupant of the project requiring the accessibility feature; and second, to an eligible qualified applicant on the waiting list requiring the accessibility features.
- When an applicant or tenant requires an accessible feature or policy modification to accommodate a disability, a federally assisted provider must provide such feature or policy modification unless doing so would result in a fundamental alternation in the nature of its program or an undue financial and administrative burden. See 24 CFR 8.4, 8.24, and 8.33 for further requirements and guidance.
- Providers are required to ensure that information about their programs is disseminated in a manner that is accessible to persons with disabilities. For example, special communication systems can greatly increase the effectiveness of outreach and ongoing communication (e.g., Telecommunications Devices for the Deaf (TTY), materials on tape or in Braille).
- \* Providers must ensure that activities and meetings are conducted in accessible locations.

Participants in the HOME Program may:

- Ask applicants for information that can demonstrate that they can meet the obligations of tenancy including financial information, references, prior tenancy history, etc. However, housing providers may not inquire into the nature and severity of an applicant or tenant's disability, nor may they ask persons with disabilities questions not asked of all applicants, apply different types of screening criteria, or assess an applicant's ability to live independently.
- Ask if the applicant qualifies for a housing program or unit designed for persons with a disability, when the housing program or unit is designed for such persons.
- Consider including a lease provision that requires a non-disabled family occupying an accessible unit to move if a family with a disability needing that size unit applies and there is an appropriately sized non-accessible unit available for the relocating family.

All recipients and sub-recipients must conduct self-evaluations of compliance with Section 504.

## COMMUNITY BUSINESS ENTERPRISE

Executive Orders 11625, 12432, and 12138 (Community Business Enterprise)

Developer must prescribe procedures acceptable to HUD for a minority outreach program to ensure the inclusion, to the maximum extent possible, of minorities and women and entities owned by minorities and women in all contracts. See 24 CFR 85.36(e) of which its appendices provide guidance from HUD on acceptable outreach practices.

## SITE AND NEIGHBORHOOD STANDARDS

Housing provided through the HOME program must promote greater choice of housing opportunities. Specific rules are as follows:

HOME-provided housing must be suitable from the standpoint of facilitating and furthering full compliance with the Title VI of the Civil Rights Act - 1964, the Fair Housing Act, and Executive Order 11063.

**EXHIBIT "N" TO LOAN AGREEMENT  
COMMISSION REQUIREMENTS**

(HOME LOAN - PROJECT NO. \_\_\_\_\_)  
(INDUSTRY LOAN - PROJECT NO. \_\_\_\_\_)

(Please See Attached)

**EXHIBIT "N"**  
**COMMISSION REQUIREMENTS**

The Borrower agrees to comply with the following Commission requirements:

1. Termination for Improper Consideration

Commission may, by written notice to the Borrower, immediately terminate the right of the Borrower to proceed under this Agreement if it is found that consideration, in any form, was offered or given by Borrower, either directly or through an intermediary, to any Commission officer, employee or agent with the intent of securing this Agreement or securing favorable treatment with respect to the award, amendment or extension of this Agreement or the making of any determinations with respect to the Borrower's performance pursuant to this Agreement. In the event of such termination, Commission shall be entitled to pursue the same remedies against the Borrower as it could pursue in the event of default by the Borrower.

The Borrower shall immediately report any attempt by a Commission officer or employee to solicit such improper consideration. The report shall be made either to Commission's Executive Director or his designee.

Among other items, such improper consideration may take the form of cash, discounts, service, the provision of travel or entertainment, or tangible gifts.

2. Confidentiality of Reports

The Borrower shall keep confidential all reports, information and data received, prepared or assembled pursuant to performance hereunder. Such information shall not be made available to any person, firm, corporation or entity without the prior written consent of Commission.

3. Commission's Quality Assurance Plan

Commission will evaluate Borrower's performance under this Agreement on not less than an annual basis. Such evaluation will include assessing Borrower's compliance with all contract terms and performance standards. Borrower deficiencies which Commission determines are severe or continuing and that may place performance of the Agreement in jeopardy, if not corrected, will be reported to the Board of Commissioners. The report will include improvement/corrective action measures taken by Commission and Borrower. If improvement does not occur consistent with the corrective measure, Commission may terminate this Agreement or seek other remedies as specified in this Agreement.

4. Borrower's Warranty of Adherence to Commission's Child Support Compliance Program

Borrower acknowledges that the Commission has established a goal of ensuring that all individuals who benefit financially from the Commission through contract are in compliance with their court-ordered child, family and spousal support obligations, in order to mitigate the economic burden otherwise imposed upon the taxpayers of the County of Los Angeles County.

As required by the Commission's Child Support Compliance Program and without limiting Borrower's duty under this Agreement to comply with all applicable provisions of law, Borrower warrants that it is now in compliance and shall during the term of this Agreement maintain compliance with employment and wage reporting requirements as required by the Federal Social Security Act (42 USC Section 653a) and California Unemployment Insurance Code Section 1088.5, and shall implement all lawfully served Wage and Earnings Withholding Orders or District Attorney Notices of Wage and Earnings Assignment for Child or Spousal Support, pursuant to Code of Civil Procedure Section 706.031 and Family Code Section 5246(b).

5. Termination For Breach of Warranty to Maintain Compliance With Commission's Child Support Compliance Program

Failure of Borrower to maintain compliance with the requirements set forth in Paragraph 4, "Borrower's Warranty of Adherence to Commission's Child Support Compliance Program" shall constitute a default by Borrower under this Agreement. Without limiting the rights and remedies available to the Commission under any other provision of this Agreement, failure to cure such default within 90 calendar days of written notice shall be grounds upon which the Commission may terminate this Agreement pursuant to said paragraph 4 and pursue debarment of Borrower, pursuant to Commission policy.

6. Post Most Wanted Delinquent Parents List

Borrower acknowledges that the County places a high priority on the enforcement of child support laws and the apprehension of child support evaders. Borrower understands that it is County's and Commission's policy to strongly encourage all Borrowers to voluntarily post an entitled "L.A.'s Most Wanted: Delinquent Parents" poster in a prominent position at Contractor's place of business. The Child Support Services Department (CSSD) will supply Borrower with the poster to be used.

7. Independent Contractor

This Agreement does not, is not intended to, nor shall it be construed to create the relationship of agent, employee or joint venture between the Commission and the Borrower.

8. Drug-Free Workplace Act of the State of California

Borrower certifies under penalty of perjury under the laws of the State of California that the Borrower will comply with the requirements of the Drug-Free Workplace Act of 1990.

9. Compliance with Laws

The Borrower agrees to be bound by applicable federal, state and local laws, regulations, and directives as they pertain to the performance of this Agreement. If the compensation under this Agreement is in excess of \$100,000 then Borrower shall comply with applicable standards, orders, or requirements issued under section 306 of the Clean Air Act (42 U.S.C. 18579h), section 508 of the Clean Water Act (33 U.S.C. 1368), Executive Order 11738, and Environmental Protection Agency Regulations (40 CFR part 15).

The Borrower must obtain and present all relevant state and local insurance, training and licensing pursuant to services required within this Agreement.

Borrower shall comply with the following laws:

10. Civil Rights Act of 1964, Title VI (Non-discrimination in Federally Assisted Programs)

Borrower shall comply with the Civil Rights Act of 1964 Title VI which provides that no person shall, on the grounds of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving federal financial assistance.

11. Section 109 of the Housing and Community Development Act of 1974

Borrower shall comply with Section 109 of the Housing and Community Development Act of 1974 which states that no person in the United States shall, on the grounds of race, color, national origin, or sex be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity funded in whole or in part with funds made available under this title.

12. Age Discrimination Act of 1975 and Section 504 of the Rehabilitation Act of 1973

Borrower shall comply with the Age Discrimination Act of 1975 and section 504 of the Rehabilitation Act of 1973, which require that no person in the United States shall be excluded from participating in, denied the benefits of, or subject to discrimination under this Agreement on the basis of age or with respect to an otherwise qualified disabled individual.



13. Executive Order 11246 and 11375, Equal Opportunity in Employment (Non-discrimination in Employment by Government Contractors and Subcontractors)

Borrower shall comply with Executive Order 11246 and 11375, Equal Opportunity in Employment which requires that during the performance of this Agreement, the Borrower will not discriminate against any employee or applicant for employment because of race, color, religion, sex, national origin, age, ancestry, marital status, or disability. The Borrower will take affirmative action to ensure that applicants are employed, and that employees are treated fairly during employment, without regard to their race, color, religion, sex or national origin. Such action shall include, but not be limited to the following: employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The Borrower agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the contracting officer setting forth the provisions of the non-discrimination clause.

The Borrower will, in all solicitations or advertisements for employees placed by or on behalf of the Borrower, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex or national origin.

The Borrower will send to each labor union or representative of workers with which he has a collective bargaining Agreement or other contract or understanding, a notice to be provided by the agency of the Borrower's commitments under Section 202 of Executive Order No. 11246 of September 24, 1965, and shall post copies of the notice in conspicuous places available to employees and applicants for employment. The Borrower will comply with all provisions of Executive Order No. 11246 of September 24, 1965, and of the rules, regulations and relevant orders of the Secretary of Labor.

The Borrower will furnish all information and reports required by the Executive Order and by the rules, regulations and orders of the Secretary of Labor, or pursuant thereto, and will permit access to its books, records, and accounts by Commission and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations and orders.

In the event of Borrower's noncompliance with the non-discrimination clauses of this Agreement or with any of such rules, regulations or orders, this Agreement may be canceled, terminated or suspended in whole or in part and the Borrower may be declared ineligible for further Government contracts in accordance with procedures authorized in the Executive Orders and such other sanctions may be imposed and remedies invoked as provided in the Executive Order or by rule, regulation or order of the Secretary of Labor, or as otherwise provided by law.

The Borrower will include the provisions of these paragraphs in every subcontract or purchase order unless exempted by rules, regulations, or orders of the Secretary of Labor issued pursuant to Section 204 of the Executive Order No. 11246 of September 24, 1965, that such provisions will be binding upon each subcontractor or vendor. The Borrower will take such actions with respect to any subcontract or purchase order as Commission may direct as a means of enforcing such provisions including sanctions for noncompliance, provided however, that in the event the Borrower becomes involved in, or is threatened with litigation by a subcontractor or vendor as a result of such direction by Commission, the Borrower may request the United States to enter into such litigation to protect the interests of the United States.

14. Notice to Employees Regarding the Federal Earned Income Credit

Borrower shall notify its employees, and shall require each subcontractor to notify its employees, that they may be eligible for the Federal Earned Income Credit under the federal income tax laws. Such notice shall be provided in accordance with the requirements set forth in Internal Revenue Service Notice 1015.

15. Use of Recycled-Content Paper Products

Borrower agrees to use recycled-content paper to the maximum extent possible on the Project in order to reduce the amount of solid waste deposited at the County landfills.

16. Borrower Responsibility and Debarment

- A. A responsible Borrower is a Borrower who has demonstrated the attribute of trustworthiness, as well as quality, fitness, capacity and experience to satisfactorily perform the contract. It is the policy of the Commission to conduct business only with responsible Borrowers.
- B. The Borrower is hereby notified that if the Commission acquires information concerning the performance of the Borrower on this or other contracts which indicates that the Borrower is not responsible, the Commission may, in addition to other remedies provided in the contract, debar the Borrower from bidding on Commission contracts for a specified period of time not to exceed 3 years, and terminate any or all existing contracts the Borrower may have with the Commission.
- C. Commission may debar a Borrower if the Board of Commissioners finds, in its discretion, that the Borrower has done any of the following: (1) violated any term of a contract with the County, the Commission or the Housing Authority of the County of Los Angeles (HACOLA), (2) committed any act or omission which negatively reflects on the Borrower's quality, fitness or capacity to perform a contract with the County, the Commission or HACOLA or any other public entity, or

engaged in a pattern or practice which negatively reflects on same, (3) committed an act or offense which indicates a lack of business integrity or business honesty, or (4) made or submitted a false claim against the County, the Commission or HACOLA or any other public entity.

- D. If there is evidence that the Borrower may be subject to debarment, Commission will notify the Borrower in writing of the evidence which is the basis for the proposed debarment and will advise the Borrower of the scheduled date for a debarment hearing before the Contractor Hearing Board.
- E. The Contractor Hearing Board will conduct a hearing where evidence on the proposed debarment is presented. The Borrower and/or the Borrower's representative shall be given an opportunity to submit evidence at that hearing. After the hearing, the Contractor Hearing Board shall prepare a proposed decision, which shall contain a recommendation regarding whether the Borrower should be debarred, and, if so, the appropriate length of time of the debarment. If the Borrower fails to avail itself of the opportunity to submit evidence to the Contractor Hearing Board, the Borrower may be deemed to have waived all rights of appeal.
- F. After consideration of any objections, or if no objections are submitted, a record of the hearing, the proposed decision and any other recommendation of the Contract Hearing Board shall be presented to the Board of Commissioners. The Board of Commissioners shall have the right to modify, deny or adopt the proposed decision and recommendation of the Hearing Board.
- G. If a Borrower has been debarred for a period longer than five years, that Borrower may, after the debarment has been in effect for at least five years, submit a written request for review of the debarment determination to reduce the period of debarment or terminate the debarment. The Commission may, in its discretion, reduce the period of debarment or terminate the debarment if it finds that the Borrower has adequately demonstrated one or more of the following: (1) elimination of the grounds for which the debarment was imposed; (2) a bona fide change in ownership or management; (3) material evidence discovered after debarment was imposed; or (4) any other reason that is in the best interests of the Commission.
- H. The Contractor Hearing Board will consider a request for review of the debarment determination only where (1) the Borrower has been debarred for a period longer than five years; (2) the debarment has been in effect for at least five years; and (3) the request is in writing, states one or more of the ground for reduction of the debarment period or termination of the debarment, and includes supporting documentation. Upon receiving an

appropriate request, the Contractor Hearing Board will provide notice of the hearing on the request. At the hearing, the Contractor Hearing Board shall conduct a hearing where evidence on the proposed reduction of debarment period or termination of debarment is presented. This hearing shall be conducted and the request for review decided by the Contractor Hearing Board pursuant to the same procedures as for a debarment Hearing.

The Contractor Hearing Board's proposed decision shall contain a recommendation on the request to reduce the period of debarment or terminate the debarment. The Contractor Hearing Board shall present its proposed decision and recommendation to the Board of Commissioners. The Board of Commissioners shall have the right to modify, deny or adopt the proposed decision and recommendation of the Contractor Hearing Board.

- I. These terms shall also apply to subcontractors and subconsultants of County, HACOLA, or Commission contractors, consultants, vendors and agencies.

17. Section 3 of the Housing and Community Development Act of 1968, as Amended

- A. The work to be performed under this Agreement is subject to the requirements of Section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. 1701u (Section 3). The purpose of Section 3 is to ensure that employment and other economic opportunities generated by HUD assistance or HUD-assisted projects covered by Section 3, shall, to the greatest extent feasible, be directed to low-and very low-income persons, particularly persons who are recipients of HUD assistance for housing.
- B. The parties to this Agreement agree to comply with HUD's regulations in 24 CFR Part 135, which implement Section 3. As evidenced by their execution of this Agreement, the parties to this Agreement certify that they are under no contractual or other impediment that would prevent them from complying with the Part 135 regulations.
- C. The Borrower agrees to send to each labor organization or representative of workers with which the Borrower has a collective bargaining Agreement or other understanding, if any, a notice advising the labor organization or workers' representative of the Borrower's commitments under this Section 3 clause, and will post copies of the notice in conspicuous places at the work site where both employees and applicants for training and employment positions can see the notice. The notice shall describe the Section 3 preference, shall set forth minimum number and job titles subject to hire, availability of apprenticeship and training positions, the qualifications for each; and the name and location of the

person(s) taking applications for each of the positions; and the anticipated date the work shall begin.

- D. The Borrower agrees to include this Section 3 clause in every subcontract subject to compliance with regulations in 24 CFR Part 135, and agrees to take appropriate action, as provided in an applicable provision of the subcontract or in this Section 3 clause, upon a finding that the subcontractor is in violation of the regulations in 24 CFR Part 135. The Borrower will not subcontract with any subcontractor where the Borrower has notice or knowledge that the subcontractor has been found in violation of the regulations in 24 CFR Part 135.
- E. The Borrower will certify that any vacant employment positions, including training positions, that are filled (1) after the Borrower is selected but before the Agreement is executed, and (2) with persons other than those to whom the regulations of 24 CFR part 135 require employment opportunities to be directed, were not filled to circumvent the Borrower's obligations under 24 CFR Part 135.
- F. Noncompliance with HUD's regulations in 24 CFR Part 135 may result in sanctions, termination of this Agreement for default, and debarment or suspension from future HUD assisted contracts.
- G. With respect to work performed in connection with Section 3 covered Indian housing assistance, section 7(b) of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450e) also applies to the work to be performed under this Agreement. Section 7(b) requires that to the greatest extent feasible (i) preference and opportunities for training and employment shall be given to Indians, and (ii) preference in the award of contracts and subcontracts shall be given to Indian organizations and Indian-owned Economic Enterprises. Parties to this Agreement that are subject to the provisions of Section 3 and section 7(b) agree to comply with Section 3 to the maximum extent feasible, but not in derogation of compliance with section 7(b).

18. Barriers For the Disabled

The Project shall be developed to comply with all applicable federal, state and local requirements for access for disabled persons.

19. Lead-Based Paint

Borrower and its contractors and subcontractors shall not use lead-based paint in construction or maintenance of the Project. Borrower shall cause this provision to be incorporated in all contracts and subcontracts for work performed on the Site which involve the application of paint.

20. Notice To Employees Regarding The Safely Surrendered Baby Law

Borrower shall notify and provide to its employees, and shall require each subcontractor to notify and provide to its employees, a fact sheet regarding the Safely Surrendered Baby Law, its implementation in Los Angeles County, and where and how to safely surrender a baby. The fact sheet is set forth in Exhibit "U" of this Agreement and is also available on the Internet at [www.babysafela.org](http://www.babysafela.org) for printing purposes.

21. Borrower's Acknowledgment of Commission's Commitment To The Safely Surrendered Baby Law

Borrower acknowledges that the Commission places a high priority on the implementation of the Safely Surrendered Baby Law. Borrower understands that it is the Commission's policy to encourage all Commission Borrowers to voluntarily post the "Safely Surrendered Baby Law" poster in a prominent position at the Borrower's place of business. Borrower will also encourage its Subcontractors, if any, to post this poster in a prominent position in the Subcontractor's place of business. The Department of Children and Family Services of the County of Los Angeles will supply Borrower with the poster to be used.

22. Lobbyist Ordinances

Federal Lobbyist Requirements: Borrower is prohibited by the Department of Interior and Related Agencies Appropriations Act, known as the Byrd Amendments, and HUD's 24 CFR Part 87, from using federally appropriated funds for the purpose of influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, loan or cooperative Agreement, and any extension, continuation, renewal, amendment or modification of said documents.

Borrower must certify in writing on the Federal Lobbyist Requirements Certification form that they are familiar with the Federal Lobbyist Requirements and that all persons and/or subcontractors acting on behalf of the Borrower will comply with the Lobbyist Requirements.

Failure on the part of the Borrower or persons/subcontractors acting on behalf of the Borrower to fully comply with the Federal Lobbyist Requirements may be subject to civil penalties.

23. Compliance With Jury Service Program.

- A. Unless Borrower has demonstrated to the Commission satisfaction either that Borrower is not a "Contractor" as defined under the Jury Service Program or that Borrower qualifies for an exception to the Jury Service Program, Borrower shall have and adhere to a written policy that provides that its Employees shall receive

from the Borrower, on an annual basis, no less than five days of regular pay for actual jury service. The policy may provide that Employees deposit any fees received for such jury service with the Borrower or that the Borrower deduct from the Employee's regular pay the fees received for jury service.

- B. For purposes of this Section, "Contractor" means a person, partnership, corporation or other entity which has a contract with the County or a subcontract with a County contractor and has received or will receive an aggregate sum of \$50,000 or more in any 12-month period under one or more County contracts or subcontracts. "Employee" means any California resident who is a full time employee of Borrower. "Full time" means 40 hours or more worked per week, or a lesser number of hours if: 1) the lesser number is a recognized industry standard as determined by the County, or 2) Borrower has a long-standing practice that defines the lesser number of hours as full-time. Full-time employees providing short-term, temporary services of 90 days or less within a 12-month period are not considered full-time for purposes of the Jury Service Program. If Borrower uses any subcontractor to perform services for the County under the Contract, the subcontractor shall also be subject to the provisions of this Section. The provisions of this Section shall be inserted into any such subcontract Contract and a copy of the Jury Service Program shall be attached to the Contract.
- C. If the Borrower is not required to comply with the Jury Service Program when the Contract commences, Borrower shall have a continuing obligation to review the applicability of its "exception status" from the Jury Service Program, and Borrower shall immediately notify County if Borrower at any time either comes within the Jury Service Program's definition of "Contractor" or if Borrower no longer qualifies for an exception to the Program. In either event, Borrower shall immediately implement a written policy consistent with the Jury Service Program. The County may also require, at any time during the Contract and at its sole discretion, that Borrower demonstrate to the County's satisfaction that Borrower either continues to remain outside of the Jury Service Program's definition of "Contractor" and/or that Borrower continues to qualify for an exception to the Program.
- D. Borrower's violation of this Section of the contract may constitute a material breach of the Contract. In the event of such material breach, County may, in its sole discretion, terminate the Contract and/or bar Borrower from the award of future County contracts for a period of time consistent with the seriousness of the breach.

24. Borrower's Charitable Activities Compliance

The Supervision of Trustees and Fundraisers For Charitable Purposes Act regulates entities receiving or raising charitable contributions. The "Nonprofit Integrity Act of 2004" (SB 1262, Chapter 919) increased Charitable Purposes Act requirements. By requiring Borrowers to complete the "Charitable Contributions

Certificate" form included as Exhibit "V" of this Agreement, the Commission seeks to ensure that all Commission borrowers that receive or raise charitable contributions comply with California law in order to protect the Commission and its taxpayers. A Borrower that received or raises charitable contributions without complying with its obligations under California law commits a material breach subjecting it to either contract termination or debarment proceedings, or both.



**EXHIBIT "O" TO LOAN AGREEMENT  
ENVIRONMENTAL CONDITIONS**

(HOME LOAN - PROJECT NO. \_\_\_\_\_)  
(INDUSTRY LOAN - PROJECT NO. \_\_\_\_\_)

(Please See Attached)

**EXHIBIT "Q" TO LOAN AGREEMENT  
SUBORDINATION AGREEMENT**

(HOME LOAN - PROJECT NO. \_\_\_\_\_)  
(INDUSTRY LOAN - PROJECT NO. \_\_\_\_\_)

Not Applicable

**EXHIBIT "R" TO LOAN AGREEMENT  
SUPPORTIVE SERVICES PLAN**

(HOME LOAN - PROJECT NO. \_\_\_\_\_)  
(INDUSTRY LOAN - PROJECT NO. \_\_\_\_\_)

(Please See Attached)

## **Supportive and Enhanced Services Plan**

(Services will be provided by ELACC)

### **Population Served and Project Need**

#### ***Target Population/Outreach:***

The target population of 3<sup>rd</sup> & Woods LA is a mix of medium and large family households earning incomes between 30% and 50% of Area Median Income. The neighborhood population is comprised of 96.2% Hispanic/Latino as whose primary language is Spanish. ELACC will therefore coordinate all marketing for tenant services in English and in Spanish. ELACC and Southern California Housing Development Corporation of Los Angeles (SoCal Housing) will use a wide network of social service providers, including community clinics, churches, and libraries to market the units.

Likewise, as construction progresses towards completion, SoCal Housing will also utilize local newspapers to place leasing ads. A sign will also be posted at the site throughout the construction period indicating the process for submitting applications. In addition, a list of interested families will be maintained throughout the construction process. All interested parties will be mailed a rental application during the lease up period.

The Development addresses two needs of the East Los Angeles community: 1) need for quality affordable housing near public transit such as the MTA Gold Line; and 2) abatement of nuisance, blighted, or underutilized properties. In addition, the development will provide well designed and structurally sound units as well as remove an underutilized property and will develop it into an asset for the community.

#### ***Affordable Housing Need:***

The 3<sup>rd</sup> & Woods site lies within Unincorporated East Los Angeles and is located within the Zip Code of 90022. According to the 2000 Census, population living within 90022 totaled over 68,000. Over 96% of this population is Hispanic/Latino. The median household income in 2000 was approximately \$27,471 and 27% of families lived below the poverty rate. In addition, approximately 64% of 90022 residents are renters. These statistics indicate there is a tremendous need to not only build new housing but also rehabilitate existing units that meets current building standards and are affordable to working families. The advent of the Gold Line stop near the site has also increased rental prices in the surrounding area, further making units unaffordable.

## **2. Supportive Services**

East LA Community Corporation provides supportive services with a mission to improve the lives of residents living in quality affordable rental housing. ELACC believes that access to technology is crucial for the economic advancement of its tenants. As a result, ELACC has partnered with SoCal Housing and One Economy to design and implement free high speed internet access for tenants. ELACC will work with SoCal Housing to ensure that free high speed internet access is integrated into the development.

ELACC will also provide a variety of free social service programs. ELACC has a Homebuyer Education Department comprised of three ELACC staff members who focus on building community wealth through enabling resident of 3<sup>rd</sup> and Woods and other East

### **Section I. Item #3**

#### **Supportive and Enhanced Services Plan**

Los Angeles to enhance their family balance sheet in a variety of ways. The Homebuyer Education Department provides financial literacy, first-time homebuyer education, and credit counseling services. Workshops (quarterly and semi annual depending on need) and one-on-one counseling help renters learn how to improve their credit score, establish a down payment savings account, and navigate the process of searching and purchasing a home.

ELACC also believes that fostering healthy families is the basis for improvements in education and employment. ELACC's Tenant & Member Services Program will coordinate a variety of workshops and services catered to tenants' needs and interests. Tenants at other ELACC developments have enjoyed workshops on heart health prevention and management, asthma, and diabetes. These workshops, in addition to other topics, will be provided to tenants living at 3rd & Woods. In addition, ELACC will strive to collaborate with other neighborhood organizations, such as, Union de Vecinos, Homeboy Industries, Puente Learning Center, and others, to enhance the quality of services offered by ELACC.

The services described above are also being provided by ELACC for similar populations at other ELACC developments. ELACC has found them to be appropriate and needed by low-income families similar to those who will reside at 3rd & Woods. ELACC is well suited to deliver several innovative social service programs and amenities to residents living at 3rd & Woods. By enabling tenants to improve their technology skill sets, financial literacy knowledge, personal health, and job opportunities, 3rd & Woods will serve as a model community for East Los Angeles and other transit-oriented developments.

The First-time Homebuyer Education & Financial Literacy workshops and Community Organizing programs like Tenant and Member Services are partly subsidized by outside grant services. ELACC remains committed to fundraising and sustaining the homebuyer and tenant services programs as well as similar services for a minimum period of ten years.

#### **3. Manner of How Services Will Be Provided**

In the next few months, ELACC will begin meeting SoCal Housing and with One Economy at 3rd & Woods site to discuss an appropriate system design for the existing and new buildings. Depending on the buildings' design and other regulatory requirements, One Economy will either provide a wired or wireless high speed internet system. SoCal Housing is committed to providing free high speed internet for all residents of 3rd & Woods.

ELACC's various departments will also utilize the community room at 3rd & Woods to hold financial literacy, homebuyer education workshops and other services throughout the year. These workshops when offered will alternate between English and Spanish.

#### **4. Access to Services**

A Tenant Services Coordinator, management staff, or ELACC representative will meet

### **Section I. Item #3**

#### **Supportive and Enhanced Services Plan**

on-site with residents to provide community access training. This training teaches residents to identify areas of concern to them and provides them with the necessary tools and resources to address their needs. Additionally, ELACC staff will make referrals for tenants to access services through other neighborhood service providers. Services provided on site will be paid in part by the \$20,000 (\$14,400 as part of the operating expenses, and \$5,600 from priority residual cashflow) per year amount included in the Proforma Cashflow worksheet and by ELACC in-kind services that are funded independently from the project cashflow.

#### **Resident Involvement/Resident Association**

3rd & Woods will provide its residents with a rich and social environment. Resident-management relations shall be based on a policy of cooperation and communication. Residents will be encouraged to understand that their involvement with 3rd & Woods, including their ideas, priorities, suggestions and concerns, are both sought and valued. So Cal Housing Property Management shall encourage the establishment of a Residents' Association and shall enlist the support and participation of the Residents in the following three areas:

##### **1. Committees**

Resident involvement with other residents through volunteer activities that include examples such as: 1) an orientation committee to welcome newcomers to the community; 2) a service committee to visit the sick and run errands for those in need; 3) an activities committee to plan and carry out social/cultural/educational events.

##### **2. Problem Solving**

Resident participation in solving problems generated by other residents, such as excessive noise or other disturbances. So Cal Housing Property Management will encourage residents to act as a cohesive body to see that policies affecting the community as a whole are enforced. Ideally, residents with a complaint against one another could present their situations to So Cal Housing Property Management who notifies the committee and the Resident manager in order to work out an equitable solution.

##### **3. Ongoing Communication**

Residents shall be encouraged to offer suggestions to the manager and senior management staff in a variety of areas of concern. An elected group of resident representatives provides a most important function in communicating resident sentiments, opinions, priorities, and advice in regard to established operations or changing policies. Resident involvement in planning can result in more relevant, sensitive and effective management policies and also recognizes the principle that participation brings commitment," i.e. that, given an opportunity to participate, residents will act to improve the quality of life in their community.

**Section I. Item #3**  
**Supportive and Enhanced Services Plan**

a. Residents will be provided copies of the house rules and other materials pertaining to policies governing their occupancy at 3rd & Woods.

b. Management staff will also provide residents with a list of emergency numbers for hospitals, ambulance, fire department and police department, as well as the phone number of the on-site office and back-up information in the event of emergencies when the office is closed. Residents will also receive information about energy conservation and what each family can do to reduce energy waste.

c. Emergency Preparedness: All persons will be familiarized with building evacuation procedures, use of smoke alarms, and fire extinguishers. A Residents' meeting will be held with Fire Department and Police Department representatives where practical.

d. ELACC and SoCal Housing staff regularly monitor and evaluates the services offered to tenants and to community members. The evaluation includes an analysis of residents' progress and achievement and occurs both informally and formally and happens routinely via regularly scheduled meetings with Departmental Directors to meetings with Asset Management Staff.

3rd & Woods  
Supportive Services Budget

<b>Proposed Budget</b>	
Tenant Services Coordinator	15,000
ELACC Community Wellness - In Kind	5,000
ELACC Financial Literacy & Homebuyer Education	5,000
<b>Total Supportive Services Budget</b>	<b>25,000</b>





Mr. William Huang  
Director  
Housing Development & Preservation  
Community Development Commission  
County of Los Angeles  
2 Coral Circle  
Monterey Park, CA 91755

Re: 3<sup>rd</sup> & Woods, 5051 E. 3<sup>rd</sup> Street, East Los Angeles, CA 90022  
Commitment to Provide Services

Dear Mr. Huang:

The East LA Community Corporation certifies that it will provide the services listed in the services section of this application or similar services appropriate to the population to be served at the project for a period of at least 10 years after the project is placed in service. The programs will be of a regular, ongoing nature and provided to tenants free of any but a nominal charge.

Sincerely,

**Maria Cabildo**  
**Executive Director**



530 S. Boyle Avenue, Los Angeles, CA 90033

**Mr. William Huang**  
**Director**  
**Housing Development & Preservation**  
**Community Development Commission**  
**County of Los Angeles**  
**2 Coral Circle**  
**Monterey Park, CA 91755**

**Re:** 3<sup>rd</sup> & Woods, 5051 E. 3<sup>rd</sup> Street, East Los Angeles, CA 90022  
Certification of High Speed Internet Service

East LA Community Corporation (ELACC) certifies that the project will incorporate high-speed internet service. Depending on the systems design, high-speed internet service will either be provided through the hardwiring of each unit, community room, and manager's office or wireless throughout the complex. High-speed internet service will be provided on a regular and ongoing basis for a minimum of ten (10) years, and will be free to each tenant. The service will be located on-site.

Should you have any questions, please fee free to contact Alejandro Martinez, Director of Real Estate Development at (323)269-0088 ext.26.

Sincerely,  
  
Juan Carlos

**Maria Cabildo**  
**Executive Director**




Mr. William Huang  
Director  
Housing Development & Preservation  
Community Development Commission  
County of Los Angeles  
2 Coral Circle  
Monterey Park, CA 91755

East LA Community Corporation (ELACC) will commit to make available the resources offered by ELACC's Tenant & Member Services Coordinator upon the project securing permanent financing through the City of Industry Program. Programs offered include:

- Once the project is placed in service, all tenants will be interviewed to create a customized site specific program that will assist tenants in enhancing their employment and education opportunities. ELACC will provide the services on a regular and ongoing basis for a minimum of ten (10) years, and will be free to each tenant.

ELACC will provide approximately \$5,000 per year of in-kind services to the tenants of 3rd & Woods.

Sincerely,  
  
Maria Cabildo  
Executive Director

**EXHIBIT "S" TO LOAN AGREEMENT  
DESIGN GUIDELINES**

(HOME LOAN - PROJECT NO. \_\_\_\_\_)  
(INDUSTRY LOAN - PROJECT NO. \_\_\_\_\_)

(Please See Attached)

COMMUNITY DEVELOPMENT COMMISSION  
COUNTY OF LOS ANGELES



DESIGN GUIDELINES FOR RENTAL  
HOUSING

**Community Development Commission of the County of Los Angeles  
Minimum Construction Standards/Design Guidelines  
For RENTAL Housing Developments**

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6. Building Orientation
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- C. Records for all projects
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## **Commission / HACOLA Design Guidelines**

These Design Guidelines are used to perform review of Schematic Designs, Design Development Drawings and/or Construction Drawings. For purposes of NOFA application evaluation, proposals will be reviewed on items A. 1-7, B.1-11, C.1-6, and D. listed below. Item E items are provided here for information to prepare technical drawings.

### **A. Site**

#### **1. Open Space for New Construction**

Private Area: 60 sq. ft. per ground floor unit, and 30 sq. ft. per non-ground floor unit, with a minimum dimension of 5 ft. Area may be a patio, deck, porch, yard or balcony. Primary access to private open space should not be from bedrooms.

Common Area (not including circulation or required front and sideyard setbacks unless incorporated into larger usable space):

0 -10 Units	30 sq. ft. per unit.
11-25 Units	20 sq. ft. per unit
26-50 Units	17.5 sq. ft. per unit
51+ Units	15 sq. ft. per unit

#### **2. Landscaping**

- Drought Tolerant
- Less lawn and more drought tolerant ground covers/shrubs is encouraged.
- All new planted areas to be heavily mulched for water conservation.
- Automatic irrigation system to be provided.
- 1 – 24" box shade tree in front yard for every 50' of street frontage.
- All landscaped areas or planter boxes must be accessible for maintenance.
- Provide deciduous trees to shade south windows and evergreen trees to shade west windows.
- Preliminary plans must be prepared. The final Plans must be prepared by a landscape architect licensed in the State of California.

#### **3. Fencing**

- If used, all wrought iron to be painted a dark color.
- Line posts shall be galvanized.
- All front yard and street front fencing must be setback at least 12" from the sidewalk with a landscape strip.
- Common entry gates must have automatic closers.
- Concrete block walls facing streets shall incorporate decorative designs or be accompanied by landscaping such as vines to soften the appearance of the walls.



4. Trash Collection
  - Trash enclosure for dumpsters shall have a concrete pad, CMU walls, 3x12 wood crash rails on 3 sides of the interior, and heavy-duty metal gates with perforated metal cladding.
  - The gates should be located 6 inches off the ground to improve surveillance into the area to reduce loitering.
5. Curbs
  - Provide concrete curbs at or around all drives and parking areas
6. Building Orientation
  - Orient building to maximize solar access during cooler months and to control it during warmer months.
7. Pedestrian Hardscape Areas
  - Where appropriate, permeable paving materials are recommended (e.g. pervious concrete, turf block, pavers, etc.).
8. Building Placement
  - Maintain the existing setback patterns within the vicinity of the building.
  - Avoid locating a building far in front of or far behind the average setback lines of the properties located on either side of the proposed project.
9. Parking
  - Whenever possible, locate parking towards the rear of the site to minimize its impact on the street.
  - On large projects consider subterranean parking to free up open space at grade level.
  - If the garage must be out front, consider multiple doors and recessing the doors to minimize the affect.
  - Consider placing second story massing over garage to bring the living space closer to the street and take some attention off of the garage.
  - Parking area should have adequate lighting and provide a safe and secure environment. Minimize the walking distance to insure a short and direct access to the units.
  - Provide clear separation between vehicles and pedestrians.
  - Landscaping should be used to soften the visual impact of large parking areas.
  - Consider improving unavoidable blank walls with decorative artwork, display cases, vines, and good quality durable materials to minimize graffiti and deterioration.

## **B. Building Exterior**

1. Height

- Relate the overall height of the new structure to that of adjacent structures and those of the immediate neighborhood.
  - Avoid new construction that varies greatly in height from other residential buildings in the area.
  - Consider relating the floor levels of the new structure to those of the adjacent uses on infill buildings.
2. Scale
- Relate the size and bulk of the new structure to the prevalent scale in other buildings the immediate area.
3. Massing
- Consider stepping larger structures down towards the street in areas where the predominate scale along the street is single story and pedestrian oriented.
  - Consider breaking larger buildings into smaller pieces.
4. Form
- Consider utilizing a variety of building forms and roof shapes instead of box-like forms with large, unvaried roofs.
  - Make sure forms and shapes work together to create a cohesive whole project.
  - Provide elements such as porches, balconies, landscaping, recessed openings and variation in materials to break up large masses and add visual complexity.
5. Size and Rhythm of Openings
- Respect the rhythm and proportion of openings prevalent in the immediate area surrounding the new building.
6. Materials and Colors
- Use materials and color for the facade treatment and roofing that is compatible with those in similar good quality buildings in the surrounding neighborhood or region.
  - Avoid introducing drastically different colors and materials than those of the surrounding neighborhood.
  - Use materials that do not require extensive maintenance.
7. Individual Identities
- Whenever possible, divide repetitive structures into smaller clusters to promote individuality and a sense of place for residents.
  - Consider strategies that allow residents to enhance the exterior appearance of their units.

8. Entries for Projects and Units

- Provide a prominent and visible entry.
- Consider transitional spaces such as an entry porch to help make the transition from public to semi-private or private space.
- Consider issues of shelter, security, lighting and identity.

9. Roof Top Equipment

- All roof top equipment should be screened from view.
- No free standing wood screens permitted.
- Screening shall be achieved through the use of parapet walls and other permanent building features.

10. Windows

- Window size and placement should maximize day-lighting and natural ventilation.

Placement should relate to building interior layout.

- Plant-on mullions are discouraged.
- Consider ways to screen and physically separate ground floor windows from sidewalk to provide privacy and security.
- Low-emissivity glass is required for all south and west facing windows and encouraged for east facing windows.
- Overhangs for south facing windows are recommended.

11. Roofing

- Light colors encouraged for energy benefit.

**C. Building Interior**

1. Unit Access / Corridors

- Avoid corridors of excessive length, i.e greater than 100 feet of unbroken length.
- Whenever possible avoid corridors that are not naturally lighted.
- Providing natural ventilation is encouraged.

2. Unit Sizes

Studio:	400-500 sq. ft.
1-Bedroom	500-700 sq. ft.
2-Bedroom	750 - 950 sq. ft.
3-Bedroom	1,000 - 1,200 sq. ft.
4-Bedroom	1,200 - 1,400 sq. ft.

3. Room Size Range & Features

	<u>One Wall Length Min.</u>	<u>Room Size</u>
Living Area	9 ft.	150-220 sq. ft.
Dining Area	Comfortably seat 2 people per bedroom	
Kitchen Counters	5 ft. long by 2 ft. deep for 1 <sup>st</sup> bedroom plus 1.5 ft. per additional bedroom (measurement does not include sink and cooktop areas, and is measured along the front edge of counter).	
Cabinets	5 in. ft. of base cabinets for 1 <sup>st</sup> bedroom plus 1.5 in. ft. per additional bedroom.	
Stove / cook top	30" wide and at least 12" away from any sidewall for all 2 bedroom and larger units. Minimum 24" wide and at least 12" away from any sidewall for all 1 bedroom and smaller units.	
Refrigerators	12 cu. ft. for 1-bedroom or less. 16 cu. ft. for 2-bedrooms. 18 cu. ft. for 3-bedrooms or more.	
Dishwashers	In all 2-4 bedroom units.	
Garbage disposals	(Recommended)	

	<u>One Wall Length Min.</u>	<u>Room Size</u>
Bedroom	9 ft.	90-120 sq. ft.
Bedroom Storage		10 sq. ft.min.
Master Bedroom	12 ft.	150-200 sq. ft.
Master Bedroom Storage		20 sq. ft. min.
General Storage		15 sq. ft.
Linen Storage		4 sq. ft.

4. Common Indoor Areas

Community Room

A minimum of 400 sq. ft. not including laundry area and a maximum of 20% of the residential floor area for developments of 15 units or less.

A minimum of 600 sq. ft. not including laundry area and a maximum of 15% of the residential floor area for developments with 16 units or more.

Provide a public restroom and microwave alcove.

Laundry Area

One washer and dryer for every 10 units in a common laundry area. As an alternative, washers and dryers, not just hook-ups, may be provided in individual units.

Common laundry areas to have a minimum 6' long countertop surface for folding cloths.

Adequate natural light and ventilation.

5. HVAC

Provide air conditioning for all units separately metered units.

Whole house and ceiling fans may be used in lieu of air conditioning. Utilizing hydronic heating/hot water systems is encouraged.

6. Elevators

Provide elevators for all structures with three floors or more and for all senior or disabled projects of two floors or more and for all senior or disabled projects of two floors or more.

**D. Crime Prevention Through Environmental Design (CPTED) (Required)**

The Commission / HACOLA supports creating safe neighborhoods through the implementation of Crime Prevention Through Environmental Design (CPTED). The basic premise of CPTED is that the nature of buildings and layout of a community can attract offenders and make it easier for them to commit crimes and escape arrest. CPTED focuses on eliminating these features at the design stage to reduce crime and the fear of crime.

The five overlapping concepts or strategies which are incorporated in CPTED are:

- Access Control

- Surveillance
- Territorial Reinforcement
- Activity Support
- Image and Maintenance

Architectural designers should make sure you are:

- Providing clear border definitions of controlled space.
- Providing clearly marked transitional zones that indicate movement from public to semi-public to private space.
- Relocating gathering areas to locations with natural surveillance.
- Placing unsafe activities in safe spots to overcome the vulnerability of these activities with natural surveillance and access control of the safe area.
- Redesigning space to increase the perception or reality of natural surveillance.
- Carefully planning a reduced number of entry points.
- Placing signage to advise visitors what the access restrictions are and where they must go if they are authorized to enter your territory.
- Eliminating blind spots around the project site where individuals approaching the site cannot be observed.
- Including fencing and landscaping to direct the circulation flow of persons to a select observable pathway.
- Making sure that landscape plant material that is selected will not block windows and eliminate opportunities for natural surveillance.
- Considering the use of reflective glass so that you can see out but outsiders cannot see in.
- Plant low vegetation with thorns or other repelling qualities adjacent to first floor windows to prevent outsiders from approaching windows.
- Providing good outdoor lighting standards that illuminate pathways evenly and without shadow pockets.
- Prewiring for future security cameras is recommended.

#### **E. ADDITIONAL INTERIOR & EXTERIOR GUIDELINES (to be used in the review of Construction Documents)**

1. Plastic Laminate Countertops at All Wet Locations
  - Must be bullnosed on one side or have a waterfall edge on all sides and an integral splash.
  - Solid surfacing or ceramic tile are acceptable alternates to plastic laminate.
2. Faucets
  - Provide washerless faucets.
3. Hose Bibs
  - Provide vandal resistant hose bibs.

4. Communication Wiring

- Provide a telephone jack in all bedrooms and in one common area.
- Provide CAT 5 wiring to at least one location per unit.

5. Cable Television

- Provide a minimum of one jack in the living room for units with 2 bedrooms or less.
- Provide a minimum of one jack in at least one bedroom plus one in the living room for units with 3 bedrooms or more.

6. Carbon Monoxide Detectors

- Provide at least one hardwired carbon monoxide detector with battery back up near the bedrooms.
- No combination smoke detection – carbon monoxide shall be used.

7. Fire Extinguishers

- Provide recessed fire extinguishers.
- Fire extinguishers to be vandal resistant.

8. Entry Security System

- Provide security entry system (e.g. intercoms, key cards, combination pads, etc.) for all rental developments.

9. Doors

- Entry doors to be solid core 1 ¼" thick minimum with reinforced latch and viewfinder.
- Non-removable hinge pins required on all out swing doors.
- No windows allowed within 36" of the latch side of the door.
- Interior doors shall have a 1 3/8" thick hollow core, flush, paint grade hardboard face and prime coated for enamel on all six sides.
- Hardboard faces or wood veneers on pre-finished interior built-up doors shall be a minimum of 1/8" thick.

10. Door Hardware

- Use medium or premium grade hardware.

Suggested hardware:

- Schlage AL-Series keyed lever lock
- Grade 2 or higher deadbolts
- Interior doorstops shall be provided using spring type, screwed to door or wood base, or steel plated rubber wall stops.

11. Windows

- Use medium or premium grade aluminum windows.
- Vinyl or wood/clad windows are acceptable alternates.
- Suggested manufacturers and series:
  - Milgard 1000 Series (Aluminum)
  - International 6200 Series (Aluminum)
  - International Vinyl Series 5500 or 5300
  - Milgard 5120 Classic Series (Vinyl)
  - Milgard 6110 Styleline Series (Vinyl)
- Screens on all operable windows.
- All aluminum windows and sliding glass doors shall have a clear anodized or baked enamel finish; mill finish not acceptable.

12. Window Coverings

- Metal horizontal blinds are not permitted.

13. Medicine Cabinets

- Plastic medicine cabinets are not permitted.
- Provide recessed cabinets.

14. Bath Tubs and Shower Enclosures

- Use cast iron tubs with ceramic tile surrounds over backer board or high quality fiberglass tub/shower/surrounds
- Family units must have at least one tub per unit.
- Suggested Manufacturer and Model:
  - LASCO Model 2603 3 CT Series with reinforced flat wells for adaptable units or equal.
  - LASCO Model 2603-SMH with reinforced flat wells and grab bars for ADA units or equal.

15. Blocking

- Provide blocking to provide adequate support for fixtures, cabinets, bathroom accessories, hardware, and other equipment suspended from ceilings or mounted on walls.

16. Carpeting

- Minimum 10-year performance warranty and the following:
  - Lifetime – Moisture resistant
  - Lifetime – Dimensional Stability
  - Lifetime – No Edge Ravel
  - Lifetime – No Delamination
  - Lifetime – No Zippering
- Provide wood base, rubber or vinyl coved base at carpet locations.
- Transition strips shall be provided between carpet and sheet vinyl or other flooring types.



17. Sheet Flooring

- Use .080" minimum thickness - Type II Grade A. For family rental units avoid seams and provide 4" cove base at walls in wet locations including bathrooms, kitchens and laundry rooms.
- Linoleum is encouraged over vinyl for superior environmental qualities.

18. Cabinetry

- For all developments except senior housing, cabinets shall be constructed as follows:

The Manual of Millwork Standards of the Woodwork Industry published by WIC (Woodwork Institute of California) custom grade for material, hardware and joinery shall apply to all new cabinets. WIC certification process shall not be required at this time. Instead, technical specifications and drawings will be checked for incorporation of WIC custom grade language. In addition, field inspections by HACOLA may occur to verify compliance with cabinet standards.

19. Kitchen Hoods

- Unvented hoods are not recommended for rehab projects and not permitted on new construction projects.

20. Bathroom Ventilation

- Windows are recommended in addition to a bathroom exhaust fan that is capable of providing a minimum of five air changes per hour.

21. Appliances

- Select Energy Star appliances.

22. Wood Structural Members

- The use of engineered wood for headers, joists and sheathing is encouraged.

23. Recycled Content Materials

- The use of recycled content insulation, drywall, carpet and other "green" materials is encouraged.

24. Indoor Air Quality Materials

- Use low- or no-VOC paint, formaldehyde-free or fully sealed material for cabinets and counters.

25. Roofing

- Minimum 20-year roof.
- If asphalt shingle use "architectural" profile.

**26. Roof Drainage**

- Locate downspouts to drain either into splash blocks, which spill on to planter areas large enough to absorb outflow or directly into an underground drain system.

**27. Landscape Edging**

- Provide redwood bender board edging or equal at planter bed and turf boundaries.

**28. Lighting**

- Use fluorescent light fixtures for at least 75% of light fixtures or comparable energy lighting for the project's total lighting including common areas.

## **Accessibility Requirements**

### **A. City of Industry Assisted Projects**

All developments in California must be designed and constructed in a manner that allows access to and use by disabled persons in accordance with the California Fair Employment and Housing Act (Article 2, Section 12955 of the Government Code, et al). Where projects have at least four condominium units or three rental apartment units, the minimum requirements are summarized below:

1. All multifamily dwellings shall have at least one building entrance on an accessible route, unless it is impracticable due to terrain or unusual site characteristics.
2. Multifamily dwellings with a building entrance on an accessible route must also comply with the following:
  - a. Public and common areas are readily accessible to and usable by persons with disabilities;
  - b. All doors designed to allow passage into and within all premises are sufficiently wide enough for wheelchair accessibility.
  - c. All premises within the multifamily dwelling units shall contain:
    - i. An accessible route into and through the unit;
    - ii. Switches, outlets, thermostats and other environmental controls are in accessible locations
    - iii. Reinforcements in bathroom walls to allow later installation of grab bars for toilet, tub, shower stall and shower seat, where those facilities are provided.
    - iv. Usable kitchen and bathrooms to allow a person in a wheelchair to maneuver about.
3. In multistory buildings of at least four condominium units or at least three rental apartment units and there is no elevator, 10 percent of the units must have an accessible route to the primary entry level entrance and meet the above requirements with respect to the ground floor, at least one bathroom on the primary entry level and the public and common areas.
4. A new housing development for senior citizens must be designed to meet the physical and social needs of senior citizens by including all of the following elements (California Civil Code Sec. 51.2 (d)):
  - a. Entryways, walkways, and hallways in the common areas of the development, and doorways and paths of access to and within the housing units, shall be as wide as required by current laws applicable to new multifamily housing construction for provision of access to persons using a standard-width wheelchair.
  - b. Walkways and hallways in the common areas of the development shall be equipped with standard height railings or grab bars to assist persons who have difficulty with walking.

- c. Walkways and hallways in the common areas shall have lighting conditions which are of sufficient brightness to assist persons who have difficulty seeing.
  - d. Access to all common areas and housing units within the development shall be provided without use of stairs, either by means of an elevator or sloped walking ramps.
  - e. The development shall be designed to encourage social contact by providing at least one common room and at least some common open space.
  - f. Refuse collection shall be provided in a manner that requires a minimum of physical exertion by residents.
  - g. The development shall comply with all other applicable requirements for access and design imposed by law, including, but not limited to, the Fair Housing Act (42 U.S.C. Sec. 3601 et seq.), the Americans with Disabilities Act (42 U.S.C. Sec. 12101 et seq.), and the regulations promulgated at Title 24 of the California Code of Regulations which relate to access for persons with disabilities or handicaps. Nothing in this section shall be construed to limit or reduce any right or obligation applicable under those laws.
  - h. In addition, developers of senior citizen housing developments constructed on or after January 1, 2001 are encouraged, but not required, to implement in their construction the principles of Universal Design as promulgated by the Center for Universal Design at the North Carolina State University, or any other design guidelines for home modifications for seniors which may be promulgated in the future by the Department of Aging.
5. All new for-sale housing: Developer is required to offer the buyer a list of home entrance, interior routes of travel, kitchen, and bathroom modifications that would make the home accessible to persons with disabilities. The buyer must indicate at what point in the construction process the buyer must notify the developer that the features are desired. These modifications are to be made at the buyer's expense.

#### Comparison of Accessibility Requirements

	California	Section 504	Fair Housing Act
New Construction Multifamily Rental	All	5 or more units	4 or more units
Rehabilitation of Rental Units	N/A	Substantial of 15 units or more vs. minor rehab	N/A
Homeownership multifamily	All	5 or more units	4 or more units
Multistory buildings	4 condo or 3 rental apts	N/A	N/A

## **B. HOME and/or CDBG Assisted Projects**

In addition to compliance with state requirements (above), developments using HOME and/or CDBG funding must also comply with Section 504 of the Rehabilitation Act of 1973, the Fair Housing Act, and HUD's implementation Regulations (24 CFR Parts 8 and 100, respectively), which prohibit discrimination based on disability and establish program accessibility and physical accessibility requirements.

### **1. Applicability**

- a. For purposes of this RFP, newly-constructed multifamily rental housing with four or more units shall adhere to both Section 504 and Fair Housing Act design requirements. Rehabilitated multifamily housing shall adhere to Section 504 requirements only. New homeownership covered multifamily housing (e.g., condominiums and single story townhouses) of four or more units shall adhere to Fair Housing Act design requirements. Non-elevator townhouses which are multi-story, that have finished living space on more than one floor are exempt.
- b. Section 504 design requirements are satisfied when the development is designed in compliance with the technical criteria in the Uniform Federal Accessibility Standards. Fair Housing Act design requirements found in HUD's Fair Housing Act Design Manual are also required. For new construction of rental projects where two or more accessibility standards apply, the developer is required to follow and apply both standards.

### **2. Section 504 Requirements Summary**

For the convenience of the reader, a brief summary of the requirements of Section 504 is presented here. However, to ensure full compliance, the developer must obtain and use a copy of the Uniform Federal Accessibility Standards (UFAS) available at the HUD Distribution Center at 1-800-767-7468 or at [www.access-board.gov/gs.htm](http://www.access-board.gov/gs.htm).

- a. New construction: Minimum of 5% of the units (not less than one unit) must be accessible to persons with mobility impairments, and an additional minimum 2% of units (not less than one unit) must be accessible to persons with sensory impairments.
- b. Substantial rehabilitation of 15 or more units where rehab cost will be at least 75% of replacement cost, 1.a. above is required.
- c. Where alterations or rehabilitation is less than substantial, the alterations must, to the maximum extent feasible, make the units accessible to and usable by persons with disabilities, until a minimum of 5% of the units (not less than one unit) are accessible to person with mobility

impairments. Where alterations of single elements or spaces amount to an alteration of a unit, the entire unit shall be made accessible. Alterations to common spaces must make those areas accessible. Accessibility is not required if doing so would impose undue financial and administrative burdens on the project.

3. Basic Fair Housing Design Requirements (Fair Housing Act, 24 CFR 100.205):

- a. the public and common use portions of such dwellings are readily accessible to and usable by disabled persons;
- b. all the doors designed to allow passage into and within the premises within such dwellings are sufficiently wide to allow passage by disabled persons in wheelchairs (36" minimum); and
- c. all premises within such dwellings contain the following features of adaptive design:
  - 1) an accessible route into and through the dwelling;
  - 2) light switches, electrical outlets, thermostats, and other environmental controls in accessible locations;
  - 3) reinforcements in bathroom walls to allow later installation of grab bars; and
  - 4) usable kitchens and bathrooms such that an individual in a wheelchair can maneuver about the space.
- d. Visitability Concept is recommended for incorporation whenever practical to enable persons with disabilities to visit relatives, friends, and neighbors in their homes within a community. This also expands the availability of housing options for persons who may not require full accessibility. Further information can be found at <http://www.huduser.org/publications/pubasst/strategies.html>.
- e. Design Guidelines: To ensure full compliance, the developer must obtain and use a copy of:
  - 1) HUD's Fair Housing Accessibility Guidelines (published in the Federal Register on March 6, 1992 (56 F.R. 9472)), and
  - 2) HUD's Fair Housing Act Design ManualAll are available from the HUD Distribution Center (see above) or [www.huduser.org/Publications/destech/fairhousing.html](http://www.huduser.org/Publications/destech/fairhousing.html)

4. For-sale housing must be made accessible upon the request of the prospective buyer if an expected occupant has a disability that requires accessibility features. The design must be able to accommodate such a request (Section 504) and the changes shall be at the buyer's expense. If the design of the unit precludes the developer from making requested changes, HUD may find the participating jurisdiction in violation of Section 504 requirements.

5. Program Accessibility and Marketing - Rentals (Section 504 24 CFR 8.20)

- a. Accessible units must be, to the maximum extent feasible, distributed throughout the project and site and made available in a sufficient range of sizes and amenities so as not to limit choice.
- b. Owners and managers must adopt suitable means to assure that information regarding the availability of accessible units reaches eligible individuals with disabilities.
- c. When an accessible unit becomes vacant, before offering it to a non-handicapped individual, it should be offered: first, to a current occupant of the project requiring the accessibility feature and, second, to an eligible qualified applicant on the waiting list requiring the accessibility features.
- d. Provide an accessibility feature or policy modification to accommodate a disability when an applicant or tenant requires such accessible feature or policy modification; unless doing so would result in an undue financial and administrative burden, in which case, the tenant must pay the cost of the modification.
- e. Disseminate information in a manner accessible to persons with disabilities to increase effectiveness of outreach and ongoing communications (e.g., Telecommunications Devices for the Deaf (TTY), materials on tape or in Braille, accessible locations for activities and meetings, etc.)

**6. Program Accessibility and Marketing – Homeownership**

- a. Disseminate information in a manner accessible to persons with disabilities to increase effectiveness of outreach and ongoing communications (e.g., Telecommunications Devices for the Deaf (TTY), materials on tape or in Braille, accessible locations for activities and meetings, etc.)

**C. Records for all projects**

All project architects must submit a certification that the development has been designed and constructed to be accessible to persons with disabilities, in compliance with the California Fair Employment and Housing Act, Section 504 and the Fair Housing Act requirements.

**D. Definitions:**

**1. California:**

- a. covered multifamily dwellings: buildings with at least 4 condominium units or at least 3 rental apartment units if the buildings have at least one elevator and the ground floor units of buildings without an elevator.
- b. multistory dwellings: a condominium dwelling unit or rental apartment unit with finished living space on one floor and the floor immediately above or below it (i.e., townhouse)

**2. Section 504**

- a. multifamily housing project: Multifamily means 5 or more dwelling units. A project is defined as the whole of one or more residential structures and related common spaces which are covered by a single contract, or

designated as a whole for processing purposes, whether or not all the units are located in the same building, or on a common site. 5 single family homes covered by a single contract or a single building with 5 units each constitute a multifamily housing project.

3. Fair Housing Act

- a. covered multifamily dwellings: (1) buildings with four or more units, if such buildings have at least one elevator; and (2) ground floor units in other buildings with four or more units. Covered units include: apartments, condominiums, single-story townhouses, assisted living facilities and single-room occupancy units.

Non-elevator townhouses which are multi-story are not covered.



**EXHIBIT "T" TO LOAN AGREEMENT  
ACCESSIBILITY AND AFFIRMATIVE MARKETING**

(HOME LOAN - PROJECT NO. \_\_\_\_\_)  
(INDUSTRY LOAN - PROJECT NO. \_\_\_\_\_)

(Please See Attached)

## **Accessibility Requirements**

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3. In multistory buildings of at least four condominium units or at least three rental apartment units and there is no elevator, 10 percent of the units must have an accessible route to the primary entry level entrance and meet the above requirements with respect to the ground floor, at least one bathroom on the primary entry level and the public and common areas.
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- b. Substantial rehabilitation of 15 or more units where rehab cost will be at least 75% of replacement cost, 1.a. above is required.
- c. Where alterations or rehabilitation is less than substantial, the alterations must, to the maximum extent feasible, make the units accessible to and usable by persons with disabilities, until a minimum of 5% of the units (not less than one unit) are accessible to person with mobility impairments. Where alterations of single elements or spaces amount to an alteration of a unit, the entire unit shall be made accessible. Alterations to common spaces must make those areas accessible. Accessibility is not required if doing so would impose undue financial and administrative burdens on the project.

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- a. the public and common use portions of such dwellings are readily accessible to and usable by disabled persons;
- b. all the doors designed to allow passage into and within the premises within such dwellings are sufficiently wide to allow passage by disabled persons in wheelchairs (36" minimum); and
- c. all premises within such dwellings contain the following features of adaptive design:
  - 1) an accessible route into and through the dwelling;
  - 2) light switches, electrical outlets, thermostats, and other environmental controls in accessible locations;
  - 3) reinforcements in bathroom walls to allow later installation of grab bars; and
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4. For-sale housing must be made accessible upon the request of the prospective buyer if an expected occupant has a disability that requires accessibility features. The design must be able to accommodate such a request (Section 504) and the changes shall be at the buyer's expense. If the design of the unit precludes the developer from making requested changes, HUD may find the participating jurisdiction in violation of Section 504 requirements.
5. Program Accessibility and Marketing - Rentals (Section 504 24 CFR 8.20)
  - a. Accessible units must be, to the maximum extent feasible, distributed throughout the project and site and made available in a sufficient range of sizes and amenities so as not to limit choice.
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  - c. When an accessible unit becomes vacant, before offering it to a non-handicapped individual, it should be offered: first, to a current occupant of the project requiring the accessibility feature and, second, to an eligible qualified applicant on the waiting list requiring the accessibility features.
  - d. Provide an accessibility feature or policy modification to accommodate a disability when an applicant or tenant requires such accessible feature or policy modification; unless doing so would result in an undue financial and administrative burden, in which case, the tenant must pay the cost of the modification.
  - e. Disseminate information in a manner accessible to persons with disabilities to increase effectiveness of outreach and ongoing communications (e.g., Telecommunications Devices for the Deaf (TTY), materials on tape or in Braille, accessible locations for activities and meetings, etc.)
6. Program Accessibility and Marketing – Homeownership
  - a. Disseminate information in a manner accessible to persons with disabilities to increase effectiveness of outreach and ongoing communications (e.g., Telecommunications Devices for the Deaf (TTY), materials on tape or in Braille, accessible locations for activities and meetings, etc.)

**C. Records for all projects**

All project architects must submit a certification that the development has been designed and constructed to be accessible to persons with disabilities, in

compliance with the California Fair Employment and Housing Act, Section 504 and the Fair Housing Act requirements.

**D. Definitions:**

1. California:

a. covered multifamily dwellings: buildings with at least 4 condominium units or at least 3 rental apartment units if the buildings have at least one elevator and the ground floor units of buildings without an elevator.

b. multistory dwellings: a condominium dwelling unit or rental apartment unit with finished living space on one floor and the floor immediately above or below it (i.e., townhouse)

2. Section 504

a. multifamily housing project: Multifamily means 5 or more dwelling units. A project is defined as the whole of one or more residential structures and related common spaces which are covered by a single contract, or designated as a whole for processing purposes, whether or not all the units are located in the same building, or on a common site. 5 single family homes covered by a single contract or a single building with 5 units each constitute a multifamily housing project.

3. Fair Housing Act

a. covered multifamily dwellings: (1) buildings with four or more units, if such buildings have at least one elevator; and (2) ground floor units in other buildings with four or more units. Covered units include: apartments, condominiums, single-story townhouses, assisted living facilities and single-room occupancy units.

Non-elevator townhouses which are multi-story are not covered.

**LOS ANGELES COUNTY**  
**COMMUNITY DEVELOPMENT COMMISSION**  
**AND**  
**HOUSING AUTHORITY**

**AFFIRMATIVE MARKETING**

In accordance with the California Fair Employment and Housing Act and the policy of the Los Angeles County Community Development Commission (Commission), and the Los Angeles County Housing Authority (Housing Authority), property owners or their designees must adhere to the following affirmative marketing guidelines in order to create awareness for the general public and certain community groups as to the availability of units designated for lower, low and moderate-income tenants.

**APPLICABILITY**

Property owners or their designees are required to provide an affirmative marketing plan and procedures for all developments with designated units. Procedures to be used must identify how persons in the housing market area who are not likely to apply for the housing without special outreach shall be informed and made aware of available affordable housing opportunities. The Commission has identified two groups as least likely to apply without special outreach efforts, namely, African-American and Latino persons.

**THE AFFIRMATIVE MARKETING PLAN**

The Property Owner's or their designee's Affirmative Marketing Plan shall consist of a written marketing strategy designed to provide information and to attract eligible persons in the housing market area to the available units without regard to race, color, national origin, sex, religion, marital and familial status, disability, medical condition, sexual orientation, or ancestry. It shall describe initial advertising, outreach (community contacts) and other marketing activities, which will inform potential renters of the availability of the units. It shall also outline an outreach program which includes special measures designed to attract those groups identified as least likely to apply, and other efforts designed to attract persons from the total eligible population.

Insert Equal Housing Opportunity logotype, statement or slogan on all written outreach tools (i.e. signs, advertisements, brochures, direct mail solicitations, press releases, etc.)

Display prominently the Fair Housing poster at the leasing office and project site from the beginning of construction through occupancy. (24 CFR 110.10). This poster must be at a minimum 11 inches by 14 inches (24 CFR 110.25)

Register the units on a County-supported housing data base or website (socialserve.com), upon request of CDC/HACOLA.



In addition to the above, the Affirmative Fair Housing Marketing Plan shall outline:

- a. Commercial Media to be used (i.e., community newspapers and non-English language newspapers, radio, television, billboards, religious or local real estate publications, etc.).
- b. Marketing efforts to be used (i.e., brochures, letters, handouts, direct mail, signs, etc.)
- c. Community Contacts to supplement formal communications media for the purpose of soliciting group(s) least likely to apply for the available housing. They should be individuals or organizations that have direct and frequent contact with those identified as least likely to apply (i.e., service agencies, community organizations, places of worship, etc.). The contacts should also be chosen on the basis of their positions of influence within the general community and the particular target group. The Proposer must agree to establish and maintain contact with the identified contacts.
- d. Specify means to assure that information regarding the availability of accessible/adaptable rental units reaches eligible individuals with disabilities will be disseminated to increase effectiveness of outreach and communications (e.g., Telecommunications Devices for the Deaf (TTY), materials on tape or in Braille, accessible locations for activities and meetings, etc.)
- e. State that access to all leasing offices for the project will be accessible to persons with disabilities as required by the American with Disabilities Act.
- f. The written Affirmative Fair Housing Marketing Plan for each project shall be accompanied by a completed Affirmative Fair Housing Marketing Plan Summary (attached).

## **B. Seniors**

Housing designed and operated for seniors are exempt from the Fair Housing Act regarding familial status and the following conditions must be met:

1. 80% occupancy by seniors
2. intended and operated for seniors
3. Age of occupants must be verified.

## **TENANT SELECTION**

1. The Property Owner or their designee shall maintain records of all prospective tenant applicants, including their race, ethnicity and gender, reasons for denial of application, placed on a waiting list, etc.

2. The Property Owner or their designee shall also provide for the selection of applicants from a written waiting list in the chronological order of their application, insofar as is practicable, and provide prompt written notification to any rejected applicants of the grounds for any rejection.
2. The Property Owner or their designee must certify that it has affirmatively furthered fair housing at the time of lease up and annually. Review of this affirmative marketing effort for rental projects will be conducted in conjunction with the Annual Owner's Tenant Certification process.

## Affirmative Fair Housing Marketing Plan Summary

1a. Applicant's Name, Address (including city, state & zip code & phone number)	1b. Project's Name, Location (including city, and zip code)	
1c. Number of Units	1d. Price or Rental Range From \$ To \$	1e. For Multifamily Housing Only <input type="checkbox"/> Elderly <input type="checkbox"/> Non-Elderly
1f. Approximate Starting Dates (mm/dd/yyyy) Advertising _____ Occupancy _____	1g. Housing Market Area	
	1h. Census Tract	
1i. Managing/Sales Agent's Name & Address (including city, state and zip code)		

### 2. Type of Affirmative Marketing Plan (mark only one)

- ☐ Project Plan
 ☐ Minority Area  
☐ White (non-minority) Area
 ☐ Mixed Area (with \_\_\_\_\_ % minority residents)

### 3. Direction of Marketing Activity (indicate which group(s) in the housing market area are least likely to apply for the housing because of its location and other factors without special outreach efforts)

- ☐ White (non-Hispanic)
 ☐ Hispanic
 ☐ American Indian or Alaskan Native  
☐ Black (non-Hispanic)
 ☐ Asian or Pacific Islander
 ☐ Persons with Disabilities

### 4a. Marketing Program: Commercial Media (Check the type of media to be used to advertise the availability of this housing)

- ☐ Newspaper/Publications
 ☐ Radio
 ☐ TV
 ☐ Billboards
 ☐ Other (specify)

Name of Newspaper, Radio or TV Station    Racial/Ethnic Identification of Readers/Audience    Size/Duration of Advertising


### 4b. Marketing Program: Brochures, Signs, and HUD's Fair Housing Poster

- (1) Will brochures, letters, or handouts be used to advertise? ☐ Yes ☐ No If "Yes", attach a copy or submit when available.
- (2) For project site sign, indicate sign size \_\_\_\_ x \_\_\_\_; Logotype size \_\_\_\_ x \_\_\_\_\_. Attach a photograph of project sign or submit when available.
- (3) HUD's Fair Housing Poster must be conspicuously displayed wherever sales/rentals and showings take place. Fair Housing Posters will be displayed in the:
- ☐ Sales/Rental Office
 ☐ Real Estate Office
 ☐ Model Unit
 ☐ Other (specify)

### Affirmative Fair Housing Marketing Plan Summary

4c. Community Contacts. To further inform the group(s) least likely to apply about the availability of the housing, the applicant agrees to establish and maintain contact with the groups/organizations listed below what are located in the housing market area or SMSA. If more space is needed, attach an additional sheet. Notify the Commission or Housing Authority of any changes in this list. Attach a copy of correspondence to be mailed to these groups/organizations. (Provide all requested information.)

Name of Group or Organization	Racial/Ethnic Identification	Approximate Date (mm/dd/yyyy)	Person Contacted or to be Contacted

Address & Phone Number	Method of Contact	Indicate the specific function the Group / Organization will undertake in implementing the marketing program

5. Future Marketing Activities (Rental Units Only) Mark the box (s) that best describe marketing activities to fill vacancies as they occur after the project has been initially occupied.

- ☐ Newspaper/Publications    
 ☐ Radio    
 ☐ TV    
 ☐ Brochures/Leaflets/Handouts  
☐ Site Signs    
 ☐ Community Contacts    
 ☐ Other (specify)

6. Experience and Staff Instructions (See instructions)

6a. Staff has experience ☐ Yes ☐ No

6b. On separate sheets, indicate training to be provided to staff on Federal, State and local fair housing laws

And regulations, as well as this AFHM Plan. Attach a copy of the instructions to staff regarding fair housing.

7. Additional Considerations. Attach additional sheets as needed.

8. Changes and Revisions. By signing this form, the applicant agrees, after appropriate consultation with the Commission or Housing Authority, to change any part of the plan covering a multifamily project to ensure continued compliance with the Commission or Housing Authority Affirmative Marketing requirements.

Signature of person submitting this Plan & Date of Submission (mm/dd/yyyy)

\_\_\_\_\_  
Name (type or print)

\_\_\_\_\_  
Title & Name of Company

## **Instructions**

The Affirmative Fair Housing Marketing Plan requires that each applicant subject to these requirements carry out an affirmative program to attract prospective buyers or tenants of all minority and non-minority groups in the housing market area regardless of race, color, religion, sex, national origin, disability, or familial status. These groups include Whites (Non-Hispanic), members of minority groups, i.e., Blacks (Non-Hispanic), American Indians/Alaskan Natives, Hispanics, Asian/Pacific Islanders, person with disabilities, or families with children in the Standard Metropolitan Statistical Areas (SMSA) or housing market area who may be subject to housing discrimination on the basis of race, color, religion, sex, national origin, disability, or familial status. The applicant shall describe on this form the activities it proposes to carry out during advance marketing, where applicable, and the initial sales rent-up period. The affirmative program also should ensure that any group(s) of persons normally **not** likely to apply for the housing without special outreach efforts (because of existing neighborhood racial or ethnic patterns, location of housing in the SMSA price or other factors), know about the housing, feel welcome to apply and have the opportunity to buy or rent.

**Part 1 – Applicant and Project Identification.** The applicant may obtain Census Tract location information, item 1i, from local planning agencies, public libraries and other sources of Census Data. For item 1g, specify approximate starting date of marketing activities to the groups targeted for special outreach and the anticipated date of initial occupancy. Item 1j is to be completed only if the applicant is not to implement the plan on its own.

**Part 2 – Type of Affirmative Marketing Plan.** Applicants for multifamily projects are to submit a Project Plan which describes the marketing program for the particular project or subdivision. Scattered site builders are to submit individual annual plans based on the racial composition of each type of census tract. For example, if a builder plans to construct units in both minority and non-minority census tracts, separate plans shall be submitted for all of the housing proposed for both types.

**Part 3 – Direction of Marketing Activity.** Considering factors such as price or rental of housing, the racial/ethnic characteristics of the neighborhood in which housing is (or is to be) located, the population within the housing market area, or the disability or familial status of the eligible population, public transportation routes, etc., indicate which group(s) you believe are least likely to apply without special outreach.

**Part 4 – Marketing Program.** The applicant shall describe the marketing program to be used to attract all segments of the eligible population, especially those groups designated in the Plan as least likely to apply. The applicant shall state: the type of media to be used, the names of newspapers/call letters of radio or TV stations; the identity of the circulation or audience of the media identified in the Plan, e.g., White (Non-Hispanic), Black (Non-Hispanic), Hispanic, Asian-American/Pacific islander, American Indian/Alaskan Native; and the size or duration of newspaper advertising or length and frequency of broadcast advertising. Community contacts include individuals or organizations that are well known in the project area or the locality and that can influence persons within groups considered least likely to apply. Such contacts may include, but need not be limited to: neighborhood, minority and women's organizations, churches, labor unions, employers, public and private agencies, disability advocates, and individuals who are connected with these organizations and/or are well-known in the community.

**Part 5 – Future marketing Activities.** Self-Explanatory.

**Part 6 – Experience and Staff Instructions.**

- a. Indicate whether the applicant has previous experience in marketing housing to group(s) identified as least likely to apply for the housing.
- b. Describe the instructions and training given to sales/rental staff. This guidance to staff must include information regarding Federal, State and local fair housing laws and this AFHM Plan. Copies of any written materials should be submitted with the Plan, if such materials are available.

**Part 7 – Additional considerations.** In this section describe other efforts not mentioned previously which are planned to attract persons in either those groups already identified in the Plan as least likely to apply for the housing or in groups not previously identified in the Plan. Such efforts may include outreach activities to female-headed household and persons with disabilities.

**Part 8 – The applicant's authorized agent signs and dates the AFHM Plan.** By signing the Plan, the applicant assumes full responsibility for its implementation. The Department may at any time monitor the implementation of the Plan and request modification in its format or content, where the Department deems necessary.

**Notice of Intent to Begin Marketing.** No later than 90 days prior to the initiation of sales or rental marketing activities, the applicant with an approved Affirmative Fair Housing Marketing Plan shall submit notice of intent to begin marketing. The notification is required by the Affirmative Fair Housing Marketing Plan Compliance requirements.

**EXHIBIT "U" TO LOAN AGREEMENT  
BABY SAFE FACT SHEET**

(HOME LOAN - PROJECT NO. \_\_\_\_\_)  
(INDUSTRY LOAN - PROJECT NO. \_\_\_\_\_)

(Please See Attached)

# No shame.

# No blame.

# No names.

Newborns can be safely given up  
at any Los Angeles County  
hospital emergency room or fire station.



In Los Angeles County

1-877-BABY SAFE

1-877-222-9723

[www.babysafeLA.org](http://www.babysafeLA.org)



State of California  
Governor

Health and Human Services Agency  
Grant and Contract Secretary

Department of Social Services  
Child Welfare Director



Los Angeles County Board of Supervisors

Chris Molina, Supervisor, First District

Yvonne Williams Burke, Supervisor, Second District

Zelma Velazquez, Supervisor, Third District

Mark Kline, Supervisor, Fourth District

Michael D. Antonovich, Supervisor, Fifth District

This initiative is also supported by First 5 LA and INEO LINE of Los Angeles.



### **What is the Safely Surrendered Baby Law?**

California's Safely Surrendered Baby Law allows parents to give up their baby confidentially. As long as the baby has not been abused or neglected, parents may give up their newborn without fear of arrest or prosecution.

### **How does it work?**

A distressed parent who is unable or unwilling to care for a baby can legally, confidentially and safely give up a baby within three days of birth. The baby must be handed to an employee at a Los Angeles County emergency room or fire station. As long as the child shows no signs of abuse or neglect, no name or other information is required. In case the parent changes his or her mind at a later date and wants the baby back, workers will use bracelets to help connect them to each other. One bracelet will be placed on the baby, and a matching bracelet will be given to the parent.

### **What if a parent wants the baby back?**

Parents who change their minds can begin the process of reclaiming their newborns within 14 days. These parents should call the Los Angeles County Department of Children and Family Services at 1-800-540-4000.

### **Can only a parent bring in the baby?**

In most cases, a parent will bring in the baby. The law allows other people to bring in the baby if they have legal custody.

### **Does the parent have to call before bringing in the baby?**

No. A parent can bring in a baby anytime, 24 hours a day, 7 days a week so long as the parent gives the baby to someone who works at the hospital or fire station.

### **Does a parent have to tell anything to the people taking the baby?**

No. However, hospital personnel will ask the parent to fill out a questionnaire designed to gather important medical history information, which is very useful in caring for the child. Although encouraged, filling out the questionnaire is not required.

### **What happens to the baby?**

The baby will be examined and given medical treatment, if needed. Then the baby will be placed in a pre-adoptive home.

### **What happens to the parent?**

Once the parent(s) has safely turned over the baby, they are free to go.

### **Why is California doing this?**

The purpose of the Safely Surrendered Baby Law is to protect babies from being abandoned by their parents and potentially being hurt or killed. You may have heard tragic stories of babies left in dumpsters or public bathrooms. The parents who committed these acts may have been under severe emotional distress. The mothers may have hidden their pregnancies, fearful of what would happen if their families found out. Because they were afraid and had nowhere to turn for help, they abandoned their infants. Abandoning a baby puts the child in extreme danger. It is also illegal. Too often, it results in the baby's death. Because of the Safely Surrendered Baby Law, this tragedy doesn't ever have to happen in California again.

### **A baby's story**

At 8:30 a.m. on Thursday, July 25, 2002, a healthy newborn baby was brought to St. Bernardine Medical Center in San Bernardino under the provisions of the California Safely Surrendered Baby Law. As the law states, the baby's mother did not have to identify herself. When the baby was brought to the emergency room, he was examined by a pediatrician, who determined that the baby was healthy and doing fine. He was placed with a loving family while the adoption process was started.

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**Every baby deserves a chance for a healthy life. If someone you know is considering abandoning a newborn, let her know there are other options.**

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***It is best that women seek help to receive proper medical care and counseling while they are pregnant. But at the same time, we want to assure parents who choose not to keep their baby that they will not go to jail if they deliver their babies to safe hands in any Los Angeles County hospital ER or fire station.***

# Sin pena. Sin culpa. Sin peligro.

Los recién nacidos pueden ser entregados  
en forma segura en la sala de emergencia de  
cualquier hospital o en un cuarte de bomberos  
del Condado de Los Angeles.



En el Condado de Los Angeles

1-877-BABY SAFE

1-877-222-9723

[www.babysafe-la.org](http://www.babysafe-la.org)



Estado de California  
Gobernador

Agencia de Servicios Humanos

Human Services Agency

Gracias a la Secretaría

Departamento de Servicios Sociales

Director



Consejo de Supervisores del Condado de Los Angeles

Consejero Supervisor, Primer Distrito

Wynne Brown, Supervisor, Segundo Distrito

John G. Gasky, Supervisor, Tercer Distrito

Michael J. Hertz, Supervisor, Cuarto Distrito

Michael J. Hertz, Supervisor, Quinto Distrito

Esta iniciativa también está apoyada por First 5 LA y INFO LINE de Los Angeles.

### **¿Qué es la Ley de Entrega de Bebés Sin Peligro?**

La Ley de Entrega de Bebés Sin Peligro de California permite a los padres entregar a su recién nacido confidencialmente. Siempre que el bebé no haya sufrido abuso ni negligencia, padres pueden entregar a su recién nacido sin temor a ser arrestados o procesados.

### **¿Cómo funciona?**

El padre/madre con dificultades que no pueda o no quiera cuidar de su recién nacido puede entregarlo en forma legal, confidencial y segura, dentro de los tres días del nacimiento. El bebé debe ser entregado a un empleado de una sala de emergencias o de un cuartel de bomberos del Condado de Los Angeles. Siempre que el bebé no presente signos de abuso o negligencia, no será necesario suministrar nombres ni información alguna. Si el padre/madre cambia de opinión posteriormente y desea recuperar a su bebé, los trabajadores utilizarán brazaletes para poder vincularlos. El bebé llevará un brazalete y el padre/madre recibirá un brazalete igual.

### **¿Qué pasa si el padre/madre desea recuperar a su bebé?**

Los padres que cambien de opinión pueden empezar el proceso de reclamar a su recién nacido dentro de los 14 días. Estos padres deberán llamar al Departamento de Servicios para Niños y Familias (Department of Children and Family Services) del Condado de Los Angeles, al 1-800-540-4000.

### **¿Sólo los padres podrán llevar al recién nacido?**

En la mayoría de los casos, los padres son los que llevan al bebé. La ley permite que otras personas lleven al bebé si tienen la custodia legal del menor.

### **¿Los padres deben llamar antes de llevar al bebé?**

No. El padre/madre puede llevar a su bebé en cualquier momento, las 24 horas del día, los 7 días de la semana, mientras que entregue a su bebé a un empleado del hospital o de un cuartel de bomberos.

### **¿Es necesario que el padre/madre diga algo a las personas que reciben al bebé?**

No. Sin embargo, el personal del hospital le pedirá que llene un cuestionario con la finalidad de recabar antecedentes médicos importantes, que resultan de gran utilidad para los cuidados que recibirá el bebé. Es recomendado llenar este cuestionario, pero no es obligatorio hacerlo.

### **¿Qué ocurrirá con el bebé?**

El bebé será examinado y, de ser necesario, recibirá tratamiento médico. Luego el bebé se entregará a un hogar preadoptivo.

### **¿Qué pasará con el padre/madre?**

Una vez que los padres hayan entregado a su bebé en forma segura, serán libres de irse.

### **¿Por qué California hace esto?**

La finalidad de la Ley de Entrega de Bebés Sin Peligro es proteger a los bebés del abandono por parte de sus padres y de la posibilidad de que mueran o sufran daños. Usted probablemente haya escuchado historias trágicas sobre bebés abandonados en basureros o en baños públicos. Es posible que los padres que cometieron estos actos hayan estado atravesando dificultades emocionales graves. Las madres pueden haber ocultado su embarazo, por temor a lo que pasaría si sus familias se enteraran. Abandonaron a sus recién nacidos porque tenían miedo y no tenían adonde recurrir para obtener ayuda. El abandono de un recién nacido lo pone en una situación de peligro extremo. Además es ilegal. Muy a menudo el abandono provoca la muerte del bebé. Ahora, gracias a la Ley de Entrega de Bebés Sin Peligro, esta tragedia ya no debe suceder nunca más en California.

### **Historia de un bebé**

A las 8:30 a.m. del jueves 25 de julio de 2002, se entregó un bebé recién nacido saludable en el St. Bernardine Medical Center en San Bernardino, en virtud de las disposiciones de la Ley de Entrega de Bebés Sin Peligro. Como lo establece la ley, la madre del bebé no se tuvo que identificar. Cuando el bebé llegó a la sala de emergencias, un pediatra lo revisó y determinó que el bebé estaba saludable y no tenía problemas. El bebé fue ubicado con una buena familia, mientras se iniciaban los trámites de adopción.

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**Cada recién nacido merece una  
oportunidad de tener una vida saludable.  
Si alguien que usted conoce está pensando  
en abandonar a un recién nacido, infórmele  
qué otras opciones tiene.**

---

***Es mejor que las mujeres busquen ayuda para recibir atención médica y asesoramiento adecuado durante el embarazo. Pero al mismo tiempo, queremos asegurarles a los padres que optan por no quedarse con su bebé que no irán a la cárcel si dejan a sus bebés en buenas manos en cualquier sala de emergencia de un hospital o en un cuartel de bomberos del Condado de Los Angeles.***

**EXHIBIT "V" TO LOAN AGREEMENT  
CHARITABLE CONTRIBUTIONS CERTIFICATE**

(HOME LOAN - PROJECT NO. \_\_\_\_\_)  
(INDUSTRY LOAN - PROJECT NO. \_\_\_\_\_)

(Please See Attached)



## CHARITABLE CONTRIBUTIONS CERTIFICATION

\_\_\_\_\_  
Company Name

\_\_\_\_\_  
Address

\_\_\_\_\_  
Internal Revenue Service Employer Identification Number

\_\_\_\_\_  
California Registry of Charitable Trusts "CT" number (if applicable)

The Nonprofit Integrity Act (SB 1262, Chapter 919) added requirements to California's Supervision of Trustees and Fundraisers for Charitable Purposes Act, which regulates those receiving and raising charitable contributions.

### CERTIFICATION

YES NO

Proposer or Contractor has examined its activities and determined that it does not now receive or raise charitable contributions regulated under California's Supervision of Trustees and Fundraisers for Charitable Purposes Act. If Proposer engages in activities subjecting it to those laws during the term of a Community Development Commission (CDC) and/or Housing Authority contract, it will timely comply with them and provide the CDC and/or Housing Authority a copy of its initial registration with the California State Attorney General's Registry of Charitable Trusts when filed. ( ) ( )

### OR

YES NO

Proposer of Contractor is registered with the California Registry of Charitable Trusts under the CT number listed above and is in compliance with its registration and reporting requirements under California law. Attached is a copy of its most recent filing with the Registry of Charitable Trusts as required by Title 11 California Code of Regulations, sections 300-301 and Government Code sections 12585-12586. ( ) ( )

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Name and Title (please type or print)

**EXHIBIT "W" TO LOAN AGREEMENT  
FEDERAL LOBBYIST REQUIREMENTS  
CERTIFICATION**

(HOME LOAN - PROJECT NO. \_\_\_\_\_)  
(INDUSTRY LOAN - PROJECT NO. \_\_\_\_\_)

Name of Firm: \_\_\_\_\_

Address: \_\_\_\_\_

State: CA      Zip Code: \_\_\_\_\_      Telephone Number: \_\_\_\_\_

Acting on behalf of the above named firm, as its Authorized Official, I make the following Certification to the U. S. Department of Housing and Urban Development and the Community Development Commission, County of Los Angeles.

- 1) No Federal appropriated funds have been paid by or on behalf of the above named firm to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of and Federal grant, loan or cooperative agreement, and any extension, continuation, renewal, amendment, or modification thereof, and;
- 2) If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee or any agency, a Member of Congress an officer or employee of Congress or an employee of a Member of Congress in connection with this Federal contract, grant loan, or cooperative agreement, the above named firm shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying", in accordance with its instructions, and;
- 3) The above name firm shall require that the language of this certification be included in the award documents for all sub-awards at all tiers (including subcontracts, sub-grants, and contracts under grants, loans, and cooperative agreement) and that all sub-recipients shall certify and disclose accordingly.

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into the transaction imposed by Section 1352 Title 31, U. S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

AUTHORIZED OFFICIAL

By:

(Contractor/Subcontractor)

(Signature)

(Date)

(Title)

# ENVIRONMENTAL SPECIAL CONDITIONS

**Project:** 3<sup>rd</sup> and Woods Family Housing Project

Project No. Industry Fund - \_\_\_\_\_

HOME Fund - \_\_\_\_\_

Prepared by: Donald Dean  
Environmental Officer  
Los Angeles County Community Development Commission

**The following special conditions/environmental mitigation measures must be included in the project contract and later implemented as part of the project scope to alleviate adverse environmental impacts. The environmental clearance is conditioned upon the implementation of all special conditions/mitigation measures:**

1. **Archaeological Resources.** In the event that archaeological resources are unearthed during project construction, all earth disturbing work within the APE must be temporarily suspended until an archaeologist has evaluated the nature and significance of the find. After the find has been appropriately mitigated, work in the area may resume. A Gabriolino representative should monitor any archaeological field work associated with Native American materials. If human remains are unearthed, State Health and Safety Code Section 7050.5 requires that no further disturbance shall occur until the Los Angeles County Coroner has made the necessary findings as to origin and disposition pursuant to Public Resources Code Section 5097.98. If the remains are determined to be of Native American descent, the coroner has 24 hours to notify the Native American Heritage Commission.
2. **Hazardous Materials.** In accordance with the Phase II Environmental Site Assessment for the project site, conducted by Converse Consultants, the following mitigation measures shall be implemented prior to project development:
  - Concentrations of TPH-G in samples from three borings (GP-4, GP-5 and GP-10) at a depth of 5 feet below ground surface (bgs) were reported in excess of the (Maximum Soil Screening Level) MSSL. These samples, as well as the 5-foot sample from GP-11 and the 10-foot sample from GP-4, were reported to contain various VOCs at concentrations exceeding the respective PRG-r values. As a result, soil within the vicinity of these boring shall be removed to a depth of 10 bgs.
  - The concentration of benzene in the soil sample from boring GP-1 at a depth of 15 feet bgs exceeded the PRG-r. Therefore, the soil within a 10-foot by 10-foot area in the vicinity of boring GP-1 to a depth of 20 feet bgs shall be removed and disposed.
  - All remedial activities shall be overseen by the Los Angeles County Fire Department's (LACFD) Site Mitigation Unit in order to obtain a "closure" or "no further action" letter with regards to contaminants identified in the onsite soil.

# ENVIRONMENTAL SPECIAL CONDITIONS

3. **Noise.** In order to ensure an acceptable interior noise environment at the proposed apartment complex (45 dBA or less), the following shall be included in project design:
  - Air conditioning or a mechanical ventilation system shall be provided so that windows and doors may remain closed.
  - Windows and sliding glass doors facing 3rd Street and Woods Avenue shall have a Sound Transmission Class (STC) rating of at least 33, per ANSI specifications.
  - Exterior doors facing 3rd Street and Woods Avenue shall be solid-core with perimeter weather stripping and threshold seals.
4. **Solid Waste Recycling.** Because of ongoing concerns about available landfill capacity, project design shall incorporate strategies to promote recycling, such as space for separate bins for waste and recyclable materials.
5. **Water Supply.** Because of ongoing concerns about regional water supplies, the following shall be incorporated into project design:
  - Landscaped areas shall be planted with drought-tolerant species, minimizing to 50% areas dedicated to turf. Irrigation shall be accomplished with drip systems. Planting beds shall be heavily mulched in accordance with water-conserving landscape design practice.
  - All new structures shall be fitted with water conserving fixtures, including, but not limited to, low-flow faucets and toilets.
6. **Additional Modifications.** Minor changes to the mitigation measures required as a condition of funding approval are permitted, but can only be made with the approval of the Executive Director of the Community Development Commission (CDC) of the County of Los Angeles. Any modifications must continue to satisfy the requirements of NEPA and CEQA, as determined by the County.



**EXHIBIT "P" TO LOAN AGREEMENT  
CONSTRUCTION REQUIREMENTS**

(HOME LOAN - PROJECT NO. \_\_\_\_\_)  
(INDUSTRY LOAN - PROJECT NO. \_\_\_\_\_)

(Please See Attached)

## **EXHIBIT "P" TO LOAN AGREEMENT**

### **CONSTRUCTION REQUIREMENTS**

**HOME PROGRAM – PROJECT NO. HE00XX**

**INDUSTRY FUND - PROJECT NO. YY11XX**

The Borrower's receipt of the Loan proceeds for purposes of paying construction and permanent costs in connection with the project is conditioned upon the Borrower's adherence to certain construction requirements imposed by HACOLA in connection with the Project, including, without limitation, the requirements set forth in this EXHIBIT "P". The Borrower covenants to comply with each and every construction requirement set forth in this EXHIBIT "P" or as otherwise imposed by any applicable Governmental Restriction, including, without limitation, any regulations or administrative procedures established by HACOLA for the disbursement of funds for the construction of affordable housing projects in the County of Los Angeles.

#### **1. Submittals and Review Procedure; Construction Monitoring**

(a) For purposes of this EXHIBIT "P":

(i) "Construction Documents" shall mean all documents necessary to construct the Project including but not limited to plans, standard drawings, details, specifications, construction contract, schedules, addenda, reference standards, calculations, reports, cost estimates, value engineering studies, constructability reviews, and related documents; and

(ii) "Empirical Cost Model" shall mean a cost model which HACOLA may elect to prepare based on the Construction Documents for the purpose of evaluating the proposed construction budget against the database of construction costs maintained by HACOLA.

(b) The Borrower's submittal requirements shall include the following:

(i) The Borrower shall submit to HACOLA within 20 days of the execution of this Agreement a project team staffing plan ("Staffing Plan") for review and approval by HACOLA. The Staffing Plan shall contain an organizational chart showing all component functions and reporting relationships, and the related staff for all activities, including a separate narrative describing the roles and responsibilities of all participants. Where the Staffing Plan utilizes organizations other than the Borrower, a company profile must be provided for each. A detailed resume for each individual on the organizational chart must be included.

(ii) The Borrower shall submit to HACOLA within 20 days of the execution of this Agreement a detailed development schedule ("Development Schedule") for review and approval by HACOLA. The Borrower shall incorporate any changes or corrections requested by HACOLA in a revised schedule to be submitted to HACOLA within 10 days after receiving comments from HACOLA with respect to the original schedule submitted, as provided above. The Development Schedule shall be developed and

submitted in CPM network configuration using MS Project, or approved equivalent. The scope of the Development Schedule will comprise all discrete functions, from Project start to completion, necessary to deliver the Project per the requirements of the Construction Contract, as defined in Section 1(c) of this EXHIBIT "P". The construction portion of the Development Schedule will be a summary of the more detailed Construction Schedule defined in Section 1(b)(iii) of this EXHIBIT "P".

(iii) The Borrower shall submit to HACOLA within 20 days of the approval of the Construction Contract a detailed construction schedule ("Construction Schedule") for review and approval by HACOLA. The Borrower shall incorporate any changes or corrections requested by HACOLA in a revised schedule to be submitted to HACOLA within 10 days after receiving comments from HACOLA with respect to the original schedule submitted, as provided above. The Construction Schedule shall be developed and submitted in CPM network configuration using MS Project, or approved equivalent. The Construction Schedule shall follow the recommendations of the latest edition of the Associated General Contractors of America book, *Using CPM in Construction*. The original submittal and required monthly updates shall be submitted on floppy disk and two plotted hard copies (this will include both Gantt chart and CPM network plots).

(iv) The Borrower shall provide to HACOLA a draft completed regulatory "Entitlement Review" package for HACOLA review and approval prior to any formal submittal to the controlling land use jurisdiction or other regulatory agency. This package shall be submitted to HACOLA not later than 14 days prior to the submittal to the regulatory body.

(v) The Borrower shall submit to HACOLA within 30 days of the execution of this Agreement basic concept drawings ("Basic Concept Drawings") for review and approval by HACOLA. The Basic Concept Drawings shall be in form and content as directed from time to time by HACOLA.

(vi) Based on, and within 60 days of HACOLA's approval of, the Basic Concept Drawings, the Borrower and its design team shall submit to HACOLA for review and approval by HACOLA certain design development plans and related documents ("Design Development Plans") for the following phases of design: expanded conceptual design; schematic design; design development; construction cost estimates for schematic design and design development, including any value engineering analysis; value engineering review; and constructability analysis review. The Borrower will include ten (10) business days for each review in the Development Schedule and adequate redesign time to respond to HACOLA comments as required.

(vii) Based on the approved Design Development Plans, the Borrower and its design team shall prepare and submit to HACOLA for review and approval by HACOLA the (preliminary drawings) 50% construction documents (the "Preliminary Drawings"). The 50% submittal shall include a detailed cost estimate and a list of value engineering considerations representing a saving goal of 10% of the overall Project budget.

(viii) The (final working drawings) 100% construction documents (the "Final Drawings") submittal shall contain a complete and coordinated package adequate to obtain building permits and build the Project with a minimum of change orders. If required by HACOLA, the Borrower and its design team shall submit evidence of a constructability review from a licensed contractor knowledgeable in the type of construction and project proposed. A final cost estimate shall be submitted reflective of the various value engineering and constructability review efforts to date. If the final construction document package cost estimate exceeds the Empirical Cost Model the Borrower shall be required to demonstrate to HACOLA the reason why the cost overrun occurred and may be required to make adjustments to meet the Empirical Cost Model.

(ix) The Construction Documents shall include all related work for the Project, including but not limited to the buildings, grading, landscaping, site improvements, off-site improvements (if included). All Construction Documents (including both the Preliminary Drawings and the Final Drawings) shall be prepared and submitted within the times established in the Development Schedule, subject to extensions as they are authorized herein or as mutually agreed to by the parties. During the preparation of all Construction Documents, HACOLA staff and the Borrower shall hold regular meetings to coordinate the preparation of, submission to, and review of Construction Documents by HACOLA. HACOLA and the Borrower shall communicate and consult informally as frequently as is necessary to insure that the formal submittal of any documents to HACOLA can receive prompt and speedy consideration. The Borrower will incorporate CDC CM Division AF101 specifications sections into the Construction Documents, as required by law.

(c) The Borrower shall submit to HACOLA in accordance with the Development Schedule a construction contract ("Construction Contract") for review and approval by HACOLA. The Construction Contract shall utilize the appropriate and most recent AIA form of Standard Agreement and General Conditions and shall contain such modifications and additions to such AIA forms as HACOLA may require.

(d) The Construction Management Division of HACOLA will provide oversight monitoring of the Project. The Borrower shall maintain at the job site adequate records and shall permit site access to HACOLA at all reasonable times to accommodate the monitoring activities. The monitoring program may include, but is not limited to, the following: establishment of various reporting requirement formats and frequencies; review of scheduling documents for conformance and performance; review of QA/QC program results; review of Project budgets and cash flows; attendance at job site meetings; review of job correspondence; review of change order requests; review of submittals to architect; site inspections; pay request reviews and approvals; review of job site safety conditions; review of construction documents for compliance with actual construction; review of labor compliance documents and compliance of same; monitoring of any and all Agreement conditions, and other related activities. The Borrower acknowledges that HACOLA's review, inspection and monitoring activities as set forth in the subsection (d) shall be solely for HACOLA's benefit, and that the Borrower shall not rely in any manner on any statements (oral or written) or actions or omissions by HACOLA in connection with its review, inspection and monitoring

activities, but that the Borrower shall at all times be wholly responsible for all aspects of the construction of the Project.

(e) The Project is designated as a Davis Bacon/public works type project and as such has certain additional bidding and reporting requirements. The Borrower shall consult with the Construction Management Division of HACOLA for detailed requirements. The Borrower shall include all such requirements in the Construction Documents and conduct the bid phase according to such requirements, including the prevailing wage determination or decision in effect at the time of the bid. Prior to going out to bid (advertisement), or award of negotiated bid, the Borrower shall submit to HACOLA the bid package for review and approval, which submittal shall be five days (5) prior to any advertising placement or negotiation discussion, as the case may be. Once bids are received, the Borrower shall prepare a bid evaluation and review all submittals with HACOLA staff for compliance with all applicable Governmental Restrictions.

## 2. Loan Disbursement and Requisitions.

(a) Requests for funds available to the Borrower under the terms of this Agreement are to be made on the basis of a need or requirement established by this Agreement. Requests shall be made in a form approved by HACOLA and shall include all necessary documentation provided for in the Construction Contract or as otherwise requested by HACOLA required to establish the amount and time lines of the payment requested, together with a certificate from the Project architect pursuant to the Construction Contract certifying that all disbursements requested are properly due. Unless otherwise specified by HACOLA, payments made by or on behalf of HACOLA in response to these requests are to be in the form of two-party checks, listing the Borrower and the additional party requesting payment as payees and requiring the signatures of each. In addition, the recipient(s) of the disbursement checks for services rendered or materials provided, shall be required to sign, as applicable, conditional or unconditional waivers and releases, both in statutory form, warranting that no further claims will be made of HACOLA for those services or materials. Exception to this requirement is made for checks made to government entities. All disbursements pursuant to this EXHIBIT "P" shall be made through a HACOLA-approved construction disbursement agency, as set forth below.

(c) Whenever the funding source for any procurement described herein imposes additional or different requirements than those established herein, such additional or different requirements shall be complied with.

## 3. Insurance and Bonding.

(a) The purpose of this Section is to establish insurance and bonding procedures to protect HACOLA's personal and property rights and purchases of supplies, equipment, construction and contractual services.

(b) The insurance and bonding procedures shall be conducted in full compliance with Federal standards as stated in 24 CFR 85.36 and all state and county laws and procedures and other Governmental Restrictions. The insurance coverage will include

comprehensive general liability, automobile liability and workers compensation. The bonding coverage will include a bid guarantee, performance and payment bond and completion guaranty for construction or facility improvement contracts or subcontracts exceeding \$100,000. See (d) below.

(c) The Borrower shall require in the Construction Contract that the contractor ("Contractor") shall procure and maintain at Contractor's expense (and require all subcontractors and sub-subcontractors to procure and maintain at their expense) for the duration of the Construction Contract the following insurance against claims for injuries to persons or damage to property which may arise from or in connection with the performance of the work by Contractor, its agents, representatives, employees, subcontractors or sub-subcontractors, and that the Contractor and all subcontractors and sub-subcontractors shall otherwise meet the insurance requirements set forth below:

(i) Comprehensive General Liability: \$1,000,000 combined single limit for each occurrence (\$2,000,000 General Aggregate) for bodily injury, personal injury and property damage, including products and completed operations coverage.

(ii) Automobile Liability: \$1,000,000 combined single limit per accident for bodily injury and property damage covering owned, non-owned and hired vehicles.

(iii) Workers Compensation as required by the Labor Code of the State of California and Employers Liability limits of \$1,000,000 per accident.

(iv) Contractor shall furnish HACOLA with certificates of insurance maintained by it (and all subcontractors and sub-subcontractors) with original endorsements affecting coverage as required above. The certificates and endorsements for each insurance policy are to be signed by a person authorized by that insurer to bind coverage on its behalf.

(v) Each insurance policy shall be endorsed to state that coverage shall not be canceled by either party, reduced in coverage or in limits except after (30) days prior written notice has been given to HACOLA.

(vi) Acceptable insurance coverage shall be placed with carriers admitted to write insurance in California or carriers with a rating of our equivalent to A:VIII by A.M. Best Company. Any deviations from this rule shall require specific approval in writing.

(vii) All coverage for subcontractors and sub-subcontractors, as set forth in this Section 3, shall be subject to the requirements stated herein and shall be maintained at no expense to HACOLA.

(viii) Any self-insurance program and self-insured retention must be separately approved by HACOLA.

(ix) Failure on the part of the Contractor or any other subcontractor or other person rendering services in connection with the Project to procure and maintain insurance required by this EXHIBIT "P" shall constitute an Event of Default under this Agreement and HACOLA may immediately terminate this Agreement and accelerate the payment of all sums due hereunder.

(x) Any questions inquiries or variance relating to insurance must be referred to Risk Management department of HACOLA.

(xi) The Community Development Commission and HACOLA, and their officials and employees are to be covered as additional insureds under all policies to be obtained pursuant to this Section 3 of this EXHIBIT "I", including insurance coverage to be obtained as respects liability arising out of activities performed by or on behalf of the Contractor, premises owned, leased or used by or on behalf of the Contractor.